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Asia Cassava Resources Holdings Limited

亞洲木薯資源控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 841)

Annual Report

2009

Contents

RENEWABLE ENERGY

Non-grain based ethanol fuel

The use of non-grain feedstock as a raw material for producing ethanol fuel is supported by the PRC national policy. With the realisation of the state production capacity target, there will be an exponential growth in demand for cassava.

Usage of Cassava

CONSUMABLE ALCOHOL

Chinese white wine, essential in banquets

Cassava-produced consumable alcohol has a wide range of applications. Being an essential drink and ingredient in Chinese dishes in banquets, there is a strong demand for Chinese white wine produced by mixing with such consumable alcohol.

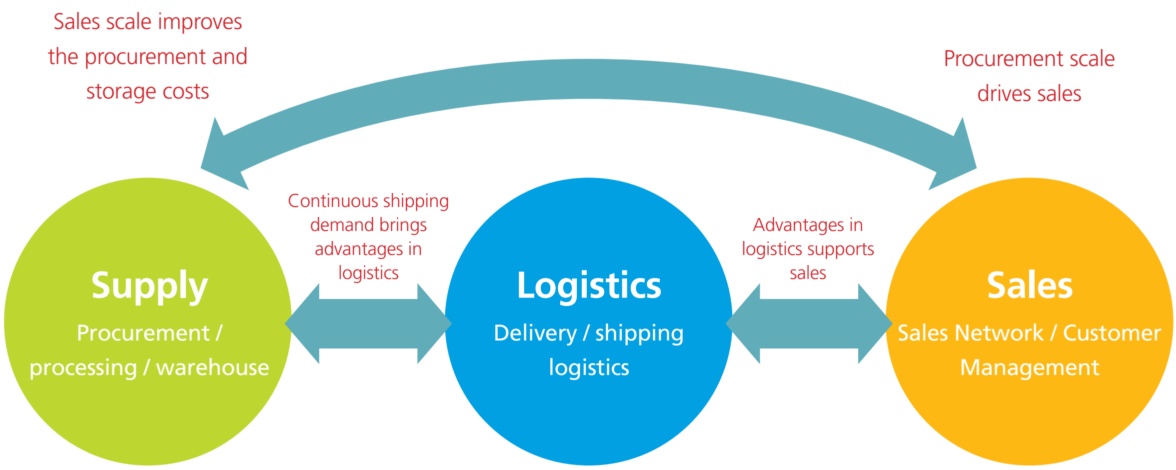
CHEMICAL PRODUCTS

Green chemical products

Cassava-produced alcohol is a green product. It can substitute the toxic and carcinogenic chemical products by applying into paint thinner and food packaging printing. Riding on the improving living standards of the Chinese, there is a huge market for the green chemical products.

Success-proven Integrated Business Model

- Three synchronised and indispensable strengths – including procurement, logistics and sales



- The "365-day open door policy"
- Broad supplier network
- Three warehouses
- Expanding processing business

- Continuous shipping demand
- Conveyor belt
- Warehouses and locations
- Fast turnaround time

- Sizeable, long-term customers
- Diversified industries
- Artwell brand
- Strong customer management

- Synchronised and indispensable strengths generate the economy of scale

One-stop Service

The Group is the largest supplier of imported cassava chips in the PRC. Its famous trademark "Artwell" in the PRC market earned a stable customer base, including Henan Tianguan (one of the four licensed ethanol fuel producers in the PRC) and certain Hong Kong listed companies.

Chairman's Statement

CHU Ming Chuan
Chairman

"The year 2009 was an important one for the Group. Not only it marked the 25th anniversary of our founding, but the Company was listed on the Stock Exchange, which has facilitated growth of the business of the Group and strengthened its industry leadership.

The Group was able to deliver satisfactory results for the year. With the PRC government encouraging the use of non-grain feedstock as a raw material for producing ethanol fuel, there is a market with tremendous growth potential for our products.

The Group will continue to capitalise on market opportunities to expand business scale and enhance cost effectiveness, delivering significant return to our shareholders."

Dear Shareholders,

With the global economy under the shadow of financial crisis and the rapid declining capital market, the year ended 31 March 2009 (the "Current Year") has been an extraordinary year. Despite the unfavourable external conditions, the Company managed to successfully list its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 March 2009 as scheduled, realizing the efforts and dedication from our Shareholders and business partners for almost 25 years in the past and showing their recognition and support to our leading position in the market.

All industries have been hit with different degree by the financial crisis and the cassava industry is of no exception. In spite of experiencing the impact of various unfavourable factors, the Group managed to achieve satisfactory sales. During the Current Year, the Group achieved accumulative sales of dried cassava chips of approximately 735,000 tonnes, representing a year-on-year growth of 10.2%. The Group has been comfortably occupying the leading position in respect of the sales of Thailand dried cassava chips to the PRC, with a persistent growth in its market share.

During the Current Year, the Group achieved sales revenue of approximately HK$919 million, representing a year-on-year growth of approximately 1.7%; and the profit attributable to the shareholders of the Company was approximately HK$50.01 million. Had the profit and loss from the non-cassava related businesses been excluded, the profit from the cassava business for the Current Year would have been HK$73.20 million, a year-on-year growth of approximately 6.9% over the HK$68.50 million for the previous year. With the efforts and contributions of our management and staff members, as well as the support from all business partners, the Group achieved a growth in terms of sales volume, sales amount and profit from the cassava business as a whole.

The earnings per share of the Current Year were approximately HK22.1 cents. Had the profit and loss from the non-cassava related businesses been excluded, the earnings per share for the cassava business would have been approximately HK32.3 cents. The Company's shares have been listed on the stock Exchange for not more than 10 days up to the year end. However, having taking into consideration the profitability level for the year and the abundant cash position, the Board recommends the payment of a final dividend of HK2 cents per share to pay back the shareholders' support. Moreover, in celebrating the 25th silver anniversary of the establishment of the Group, the Board recommends the payment of a special dividend of HK3 cents per share. Therefore, the Board recommends a payment of dividends totally HK5 cents.

Chairman's Statement

The Group is the largest procurer and exporter of dried cassava chips in Thailand, and is the largest supplier of dried cassava chips in the People's Republic of China (the "PRC"). The Group is dedicated to provide an one-stop service to its customers, including procuring dried cassava chips from the Southeast Asian regions (including Thailand), processing, storage and warehousing, shipping arrangement, and delivery and logistics, and supplying its products under the "Artwell" brand to its customers in the PRC. The imported dried cassava chips in the PRC are mainly used in the production of ethanol. Ethanol produced from dried cassava chips is used in a wide range of applications, such as producing Chinese white wine and chemical products, and is also a major non-grain-based raw material for producing ethanol fuel. The former two usages have strong demands and the latter is experiencing a rapid growth as supported by national policies.

Thailand is the largest exporting country of cassava chips in the world while the PRC is the largest importing country of the same. The two countries are the largest trading partner of each other in cassava chips trading. Under the strong support from both governments, cassava exported from Thailand and imported to China is duty-free at either border. 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 2008, the Group has been the largest procurer and exporter of dried cassava chips in Thailand. The Group's market share in the dried cassava chips market has increased persistently, reflecting the Group's competitive advantage in influencing product pricing.

In the PRC, renewable energy is considered a vital resource of energy, playing an important role in the aspects such as satisfying national energy safety and demand, and reducing environmental pollution. The PRC's policy of "non-competition for grain with people and non-competition for harvest land with grain"《不與民爭糧，不與糧爭地》stipulates that grains such as corn should be used with priority for animal feeds and food so as to guarantee the national food safety. As a result, the use of non-grain feedstock to produce bio-fuel is encouraged by the PRC government. According to《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 would cease increasing the production capacity of ethanol fuel using grain feedstock, and target to increase the annual production capacity of ethanol fuel using non-grain feedstock from the current level of less than one million tonnes to 2 million tonnes by 2010 and to 10 million tonnes by 2020. The Group expects that most of the ethanol fuel will be produced by cassava, which would replace corn as the major raw material for ethanol fuel production. This is because cassava is more cost-efficient than corn with producing one tonne of ethanol fuel requiring approximately 3.2 tonnes of corn but approximately 2.9 tonnes of dried cassava chips to produce the same. Assuming all ethanol fuel produced by non-grain feedstock would have used cassava as raw material, producing 2 million tonnes of ethanol fuel would require approximately 5.80 million tonnes of dried cassava chips, forming a booming new demand on top of the import volume of dried cassava chips by the PRC during the Year, representing enormous profitability potential. During 2001 to 2008, the Group has been the largest supplier of imported dried cassava chips in the PRC. During the Year, the Group's sales of dried cassava chips to ethanol producers and other industry players amounted to approximately 160,000 tonnes, representing a year-on-year growth of over 90%, fully demonstrating the status of the Group in the market of ethanol fuel produced by non-grain feedstock.

The Group has established a success-proven integrated business model, which is few in the industry, and is always dedicated to provide an one-stop service to its customers, including sourcing dried cassava chips from the Southeast Asian regions (such as Thailand), processing, storage and warehousing, shipping arrangement, and delivery and logistics, and supplying its products under the "Artwell" brand to its customers 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 guaranteeing procuring cassava chips at open market prices with payments settled in cash throughout the year. It not only secures the income of Thai farmers, it also protects the purchasing network of the Group. The Group has more than 200 suppliers across Thailand, including growers, processors and cassava traders. The Group has also entered into long-term supply contracts with a major supplier in Thailand as well as a supplier in Laos. The Group's lasting dominant position in the Thai market has made the Group's purchase price a major benchmark for the market. The Group has also progressed into upstream processing operations, and operates an exclusive drying yard of nearly 80,000 square meters, which increasingly contributes to the Group and enhances its operational efficiency;

Chairman's Statement

(2) **Advantages in logistics and shipments** – the Group operates three warehouses in Thailand with a total storage capacity of approximately 172,500 tonnes of cassava chips, all of which are conveniently located in the vicinity of the ports facilitating sea shipments. One of the warehouses is equipped with the only conveyor belt for loading cassava chips in Thailand of 3 kilometers long, which enables loading cassava chips directly from the warehouses to the vessels. This significantly shortens the lead time for cargo readiness and reduces losses in weight of its products, therefore enhances the Group's competitiveness. In addition, with its persistent large-scaled shipment volume, the Group is able to fully utilize the capacity of the vessels, and to employ vessels of various capacity, which creates superior competitive advantage for the Group, and advantage in bargaining shipping terms with vessel operators. The average freight cost per unit dropped by 30.6% during the Current Year, representing approximately 8.1% of sales revenue, decreased by 2.6 percentage points from 10.7% of the previous year, revealing the Group's advantages in logistics and shipment. For the new financial year, up to now, the freight costs as a percentage of sales revenue persistently improved; and

(3) **Advantages in sales in the PRC and customer services** – the Group is the largest supplier of imported cassava chips in the PRC. The brand name "Artwell" has enjoyed high reputation in the PRC's cassava industry, with its cassava starch content of 67% or above, which is higher than the industry standard. The Group consistently executes stringent quality control standards during the process of procuring cassava in Southeast Asian regions, including Thailand, to loading and selling cassava, earning the consumer confidence and faith. The Group has established its stable client-base including Henan Tianguan, one of the top four authorized ethanol fuel producers in the PRC, as well as certain listed companies in Hong Kong. Given the Group's leading position in the PRC's cassava industry, its customers are prompted to use mainly letters of credit for settlement, which lowers the Group's credit risk.

The Group is dedicated to enhancing its integrated business model in order to achieve greater synergy, further improve its profitability and accelerate its growth.

Looking ahead, driven by the favorable state policy to promote ethanol fuel industry reform and to encourage ethanol fuel production by non-grain feedstock such as cassava, the Group will actively expand its operation scale, seize the market opportunities and strengthen its market leading position. In terms of developing its upstream operations in Thailand, the Group will set up warehouses and drying yards in the cassava plantation areas, expand its procurement network to increase cassava supply sources, increase its procurement of dried cassava chips and fresh cassava roots, and reduce costs. In terms of developing its supply in Southeast Asia, the Group will set up procurement network and logistics facilities in countries such as Cambodia and Laos. The Group aims to extend and introduce its successful business model in Thailand to these neighbourhood regions in order to increase the production of cassava and to capitalise the huge development potential. In terms of strategically developing its sales network in the PRC, the Group will expand its network coverage to southern and southwestern China, and enhance its marketing and brand promotion in eastern and central China, thus to strengthen and improve the Group's leading position in the PRC's cassava industry.

2009 is the 25th silver anniversary of the Group, and is also the first year since its listing, which marks an important milestone for the Group. To sum up the past and to envisage the future, I, on behalf of the Board, would like to express my sincere appreciation to our Shareholders, business partners, management and staff members for their tremendous contributions over almost 25 years in the past. The Group will dedicate to improving its profitability and creating greater value to our Shareholders.

CHU Ming Chuan
Chairman of the Board

Hong Kong
24 July 2009

Management Discussion and Analysis

During the year, 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 was 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 amounted to approximately HK$919.3 million for the year ended 31 March 2009 (the "Current Year"), representing an increase of 1.7% from approximately HK$903.6 million for the previous year with approximately 735,000 tonnes of dried cassava chips were sold during the Current Year, representing a 10.2% increase from approximately 667,000 tonnes for the previous year. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips with a persistent increase in our market share for the Current Year. The Group's sales of dried cassava to the companies in ethanol fuel industry increased from approximately 85,000 tonnes for the previous year to approximately 163,000 tonnes for the Current Year, representing a significant growth of 91.8%.

The Group's profit for the Current Year amounted to approximately HK$50.0 million included fair value losses of investment properties of approximately HK$16.9 million and a deficit on revaluation of own-used properties of approximately HK$2.5 million. The Group's profit for the previous year amounted to approximately HK$101.9 million which included fair value gains of investment properties of approximately HK$9.1 million and certain non-recurring items, including a gain on disposal of an available-for-sale investment of approximately HK$16.2 million, management fee received from a related company of HK$1.8 million and interest income from a related company of HK$5.0 million.

Excluding the above non-cassava related gains or losses, the profit of the cassava-related business would have been amounted to approximately HK$73.2 million for the Current Year, representing an increase of 6.9% from approximately HK$68.5 million for the previous year.

Management Discussion and Analysis

The group has a sound strategy, a strong financial position and a commitment to building shareholder value.

Revenue

Revenue of the Group represents the sales of dried cassava chips to external customers in the PRC. Sales can be divided into two categories:

(i) sales from warehouses, where dried cassava chips procured from farmers, processors and traders will first be stored at the Group's leased warehouses in Thailand before the Group arranges for shipment to different customers; and

(ii) direct sales, where, either before or after the receipt of a purchase order, the Group will enter into a sourcing contract with one of its suppliers for dried cassava chips and the products will be shipped to the designated port of delivery to the Group's customers without being stored in the Group's leased warehouses in Thailand.




The following table sets out the breakdown of revenue for different types of sales for the year.

	For the year ended 31 March 2009			For the year ended 31 March 2008		
	Sales quantity Tonnes	**Unit price HK$**	**Revenue HK$'000**	Sales quantity Tonnes	Unit price HK$	Revenue HK$'000
Sales from warehouse	**361,724**	**1,281**	**463,231**	490,553	1,380	677,160
Direct sales	**373,053**	**1,222**	**456,019**	176,507	1,283	226,400
Total	**734,777**	**1,251**	**919,250**	667,060	1,355	903,560

Revenue of the Group increased by approximately HK$15.7 million, or approximately 1.7%, from approximately HK$903.6 million in the previous year to approximately HK$919.3 million in the Current Year, mainly due to the net effect of (i) a decrease in average unit selling price and (ii) an increase in sales volume.

Management Discussion and Analysis

(i) ***Average unit selling price:***

The decrease in the average unit selling price of dried cassava chips during the Current Year was in line with the decrease of the average F.O.B. price of cassava chips in Thailand.

The average unit selling price of the Group's sales from warehouse in the Current Year decreased by approximately HK$99 per tonne, or 7.2% to approximately HK$1,281 per tonne from approximately HK$1,380 per tonne in the previous year.

The average unit selling price of the Group's direct sales in the Current Year decreased by approximately HK$61 per tonne, or 4.8% to approximately HK$1,222 per tonne from approximately HK$1,283 per tonne in the previous year.

(ii) ***sales volume:***

The total quantity of dried cassava chips sold in the Current Year amounted to approximately 735,000 tonnes, representing an increase of approximately 68,000 tonnes, or 10.2%, when compared with that of approximately 667,000 tonnes for the previous year. It was mainly attributable to the increasing demand from the Group's PRC customers, especially those engaging in production of ethanol fuel, during the Current Year. The Group's sales of dried cassava to the companies in ethanol fuel industry increased from approximately 85,000 tonnes for the previous year to approximately 163,000 for the Current Year, representing a significant growth of 91.8%.

The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips with a persistent increase in our market share for the Current Year.

Gross profit and gross profit margin

The following table sets out the breakdown of gross profit for different types of sales for the year.

	For the year ended 31 March 2009			For the year ended 31 March 2008		
	Revenue HK$'000	Gross profit HK$'000	GP %	Revenue HK$'000	Gross profit HK$'000	GP %
Sales from warehouse	**463,231**	**126,666**	**27.3**	677,160	188,467	27.8
Direct sales	**456,019**	**62,037**	**13.7**	226,400	49,934	22.1
Total	**919,250**	**188,703**	**20.5**	903,560	238,401	26.4

Gross profit of the Group decreased by approximately HK$49.7 million, or approximately 20.8%, from approximately HK$238.4 million for the previous year to approximately HK$188.7 million for the Current Year, mainly due to the change in sales mix as a result of increase in direct sales proportion and the drop in the gross margin of direct sales. As such, the gross profit margin of the Group for the Current Year decreased by 5.9 percentage points to approximately 20.5% from approximately 26.4% for the previous year.

The gross profit margin of the Group's sales from warehouse for the Current Year decreased slightly by approximately 0.5 percentage points to approximately 27.3% from approximately 27.8% for the previous year. The steady gross profit margin demonstrates the Group's ability in shifting the risk of price changes to the suppliers.

The gross profit margin of the Group's direct sales was generally in the range of 14% to 15% in the past. For the previous year, the Group recorded a gross profit margin of approximately 22.1% because the Group has selectively focused on direct sales transactions with higher margin in order to enhance profit in the circumstances of upward price trend of dried cassava chips in the market and the Group's sophisticated network in procurement and sales. The gross profit margin of the Group's direct sales for the Current Year has returned to the normal level and was approximately 13.7%.

Management Discussion and Analysis

Other income and gains

During the Current Year, other income and gains of the Group amounted to approximately HK$11.2 million, which comprised mainly compensation income from a supplier of approximately HK$9.4 million and gross rental income of approximately HK$1.5 million. For the previous year, other income and gains of the Group amounted to approximately HK$25.1 million, comprising mainly gross rental income of approximately HK$1.3 million and certain non-recurring items, including a gain on disposal of an available-for-sales investment of approximately HK$16.2 million, interest income from a related company of approximately HK$5 million, management fee income from a related company of approximately HK$1.8 million.

Selling and distribution costs

During the Current Year, the selling and distribution expenses of the Group were approximately HK$95.4 million (2008: approximately HK$124.5 million), which comprised mainly ocean freight costs of approximately HK$73.9 million (2008: approximately HK$96.7 million) and warehouse, handling and inland transportation expenses of approximately HK$21.5 million (2008: approximately HK$27.8 million).

The selling and distribution expenses decreased by approximately HK$29.1 million, or approximately 23.4%, from approximately HK$124.5 million in the previous year to approximately HK$95.4 million in the Current Year, mainly due to an decrease in the average unit market ocean freight costs and the Group's ability to negotiating for favourable terms. The average ocean freight costs decreased by approximately 30.3% from approximately HK$145.0 per tonne in the previous year to approximately HK$101 per tonne in the Current Year.

The selling and distribution expenses of the Group represented 10.4% of the total sales revenue for the Current Year, representing a significant improvement of 3.4 percentage points from that of 13.8% for the previous year.

Administrative expenses

Administrative expenses of the Group increased by approximately HK$5.6 million, or approximately 32.9%, from approximately HK$17.0 million in the previous year to approximately HK$22.6 million in the Current Year, mainly due to the increase in salaries and wages as a result of an annual payroll adjustment and increase in staff and other costs for initial public offer purposes.

Finance costs

Finance expenses of the Group decreased by 30.0% from approximately HK$15.0 million for the previous year to approximately HK$10.5 million for the Current Year due to the lowering of market interest rates and the reduction of the average bank borrowing balance by the application of the strong cashflows generated by the Group's operations during the Current Year.

Taxation

For the previous year and the Current Year, the effective tax rates of the Group were 12.2% and 4.0% respectively. The reduction in the Group's effective tax rate in the Current Year was primarily due to (i) more profit earned by the Group's operations in Hong Kong and Macau, which had a lower tax rate of 16.5% for Hong Kong and Nil for Macau when compared with the 30% tax rate in Thailand; and (ii) write-back of over-provision for income tax in Thailand for prior years of approximately HK$5.6 million.

Profit for the year

The Group's profit for the Current Year amounted to approximately HK$50.0 million for the Current Year, deducted from which were fair value losses of investment properties of approximately HK$16.8 million and a deficit on revaluation of own-used properties of approximately HK$2.5 million.

The Group's profit for the previous year amounted to approximately HK$101.9 million for last year, which included fair value gains of investment properties of approximately HK$9.1 million and certain non-recurring items, including a gain on disposal of an available-for-sale investment of approximately HK$16.2 million, management fee from a related company of HK$1.8 million and interest income from a related company of HK$5.0 million.

Excluding the above non-cassava related gains or losses, the profit of the cassava-related business would have been amounted to approximately HK$73.2 million for the Current Year, representing an increase of 6.9% from approximately HK$68.5 million for the previous year.

Financial resources and liquidity

As at 31 March 2009, the net assets amounted to approximately HK$183.2 million, representing an increase of approximately HK$105.7 million from approximately HK$77.5 million as at 31 March 2008 due to the net proceeds from the initial public offering (the "IPO") of the Company's new shares and the Group's profit for the Current Year.

Current assets amounted to approximately HK$351.2 million (2008: HK$189.5 million), including cash and cash equivalents of approximately HK$164.7 million (2008: HK$45.3 million), trade and bills receivables of approximately HK$104.1 million (2008: HK$27.8 million) and inventories of approximately HK$47.6 million (2008: HK$59.5 million). The Group had non-current assets of HK$47.1 million (2008: HK$75.6 million) which are mainly properties located in Hong Kong for office and property investment purposes.

The Group's current liabilities amounted to approximately HK$206.1 million (2008: HK$174.0 million), which comprised mainly trade and other payables and accruals of approximately HK$77.5 million (2008: HK$12.5 million) and bank borrowings of approximately HK$112.9 million (2008: HK$121.6 million). The Group's non-current liabilities included non-current portion of bank borrowings of approximately HK$7.0 million (2008: HK$8.0 million).

Management Discussion and Analysis

The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 March 2009, the Group had a gearing ratio of 30.1%, representing a significant improvement of 18.8 percentage points from 49.0% as at 31 March 2008. The improvement is mainly due to the net proceeds from the Group's IPO during the Current Year and profit for the Current Year.

The Group's debtor turnover period is 41.4 days as at 31 March 2009, representing an increase of 30.2 days from 11.2 days as at 31 March 2008. Such increase is mainly because the Group had several shipments of dried cassava chips near 31 March 2009 and the related bills receivables had not been discounted, as usual, before 31 March 2009 due to time constraint. Subsequent to the balance sheet date, all the trade receivables and bills receivables had been fully settled.

The Group's inventory turnover period is 26.8 days as at 31 March 2009, representing a decrease of 28.2 days from 55.0 days as at 31 March 2008. Such decrease is mainly attributable to improvement in operating efficiency and the Group's strategy not to hold excessive inventories when the global financial crisis happened in the first quarter of 2009.

Employment and remuneration policy

As at 31 March 2009, the total number of the Group's staff was approximately 70. The total staff costs (including directors' remuneration) amounted to approximately HK$9.4 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.

Charge on group assets

As at 31 March 2009, the Group's land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK$12,900,000 and HK$23,900,000, 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 and capital commitment

As 31 March 2009, the Group did not have any material contingent liabilities and capital commitment.

Directors and Senior Management

Board of Directors

Executive Directors

Mr. Chu Ming Chuan ("Mr. Chu"), aged 54, is the chairman of the Board. He was also appointed as an executive Director on 8 May 2008. Save for Artwell Property, 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 and Mr. MK Chu.

Ms. Liu Yuk Ming ("Ms. Liu"), aged 48, 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.

Mr. Chu Ming Kin ("Mr. MK Chu"), aged 45, was appointed as an executive Director on 2 July 2008. He is also a director of All High Holdings Limited, Global Property Connection Co., Ltd., and Alush (Thailand) Co., Ltd., each a subsidiary of the Company, and the Thailand-based officer of the Group in Thailand. Mr. MK Chu joined the Group in 1999 and is currently responsible for the overall monitoring of the daily operations of Alush Thailand, the procurement of cassava and the formulation of pricing policies for procurement of cassava chips in Thailand. Mr. MK Chu has about ten years of experience in cassava procurement and warehouse management. He is the younger brother of Mr. Chu and Ms. Chu Ling Ling Miranda.

Directors and Senior Management

Mr. Chan Yuk Tong ("Mr. Chan"), aged 47, was appointed as an executive Director on 2 July 2008. Mr. Chan joined the Group in 2007 and is responsible for overall planning, implementing of the business strategies and overseeing the accounting and compliance issue of the Group. He has over 20 years of experience in corporate finance, financial advisory and management, professional accounting and auditing. Mr. Chan obtained a bachelor degree in Commerce from the University of Newcastle in Australia and a master degree of Business Administration from the Chinese University of Hong Kong. He is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr. Chan's current directorship in other listed public companies:

Name of listed company in Hong Kong	Nature of directorship
Vitop Bioenergy Holdings Limited	non-executive
BYD Electronic (International) Company Limited	independent non-executive
Daisho Microline Holdings Limited	independent non-executive
Global Sweeteners Holdings Limited	independent non-executive
Jia Sheng Holdings Limited (formerly known as Carico Holdings Limited)	independent non-executive
Kam Hing International Holdings Limited	independent non-executive
Sichuan Xinhua Winshare Chainstore Co., Limited	independent non-executive

Name of listed company in Hong Kong and Shanghai	Nature of directorship
Anhui Conch Cement Company Limited	independent non-executive

Ms. Lam Ching Fun ("Ms. Lam"), aged 42, was appointed as an executive Director on 2 July 2008. She joined the Group in 1992 and is currently the general manager of the Group's chartering and logistics department. She is responsible for logistic systems, charter business management, cargo handling arrangement and the Sino-Thai ports coordination. Ms. Lam has over 15 years of experience in logistics operations in the cassava industry. Over the 15 years with the Group, Ms. Lam's responsibilities included overseeing the Group's logistics system and managing the chartering of vessels.

Independent non-executive Directors

Professor Fung Kwok Pui ("Professor Fung"), aged 58, 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 43, was appointed as an independent non-executive Director, on 22 January 2009. He is a partner of Woo, Kwan, Lee & Lo and the chief representative of Woo, Kwan, Lee & Lo's Beijing Office. 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 is currently a non-executive director of GST Holdings Limited and an independent non-executive director of GZI Real Estate Investment Trust, NetDragon Websoft Inc. and Embry Holdings Limited, the shares of these companies are listed on the Stock Exchange. Mr. Lee was also a non-executive director of Mirabell International Holdings Limited, which listing of its shares on the main board of the Stock Exchange has been withdrawn on 22 September 2008, from February 2000 to December 2008. Besides, Mr. Lee had been an independent non-executive director of Innomaxx Biotechnology Group Limited (now known as China Mining Resources Group Limited), a company listed on the Stock Exchange. Mr. Lee was also a member of Advisory Committee for School of Professional Education and Executive Development of the Hong Kong Polytechnic University and a founding member of the Hong Kong Professionals and Senior Executives Association.

Mr. Yue Man Yiu Matthew ("Mr. Yue"), aged 47, 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 over 20 years of experience in the financial industry. Presently, Mr. Yue is the chief financial officer of China-Link Capital Management Ltd. and an independent non-executive director of China Financial Leasing Group Ltd., a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors and Senior Management

Senior Management

Ms. Ng Nai Nar, aged 46, 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 37, is the chief financial officer 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 member of Hong Kong Institute of Certified Public Accountants.

Mr. Chan Chi Wai, Benny ("Mr. Benny Chan"), aged 39, is the group financial controller and company secretary of the Company. He joined the Group in February 2008 and is responsible for the corporate finance function of the Group and oversees matters related to financial administration and the compliance and reporting obligations of the Group. Mr. Benny Chan obtained a Bachelor of Business (Accountancy) in Queensland University of Technology. Mr. Benny Chan has over 10 years' experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Benny Chan has worked for subsidiaries of Junefield Department Store Group Limited and Roadshow Holdings Limited, the shares of which are listed on the Stock Exchange, and for Shanghai Qingpu Fire-Fighting Equipment Co., Ltd., the shares of which are listed on the GEM operated by the Stock Exchange, as accounting manager, deputy general manager, assistant financial controller, company secretary and qualified accountant respectively. Mr. Benny Chan has been admitted to the status of certified practising accountant of the Australian Society of Certified Practising Accountants (now known as CPA Australia) since 1999.

Ms. Chu Ling Ling, Miranda ("Ms. Chu"), aged 56, 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 and Mr. MK Chu.

Mr. Wong Hoi Pang ("Mr. Wong"), aged 30, 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 46, 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 40, 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 53, 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.

Company Secretary

Mr. Benny Chan, is the company secretary of the Company. Please refer to the paragraph headed "Senior management" for the details of Mr. Benny Chan.

Report of the Directors

The directors present their first report and the audited financial statements of the Company for the period from 8 May 2008 (date of incorporation) to 31 March 2009 and of the Group for the year ended 31 March 2009.

Group reorganisation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 May 2008.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the initial public offering of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries now comprising the Group on 18 February 2009. Further details of the Group Reorganisation are set forth in the Company's listing prospectus dated 26 February 2009 (the "Prospectus").

The shares of the Company have been listed on the Stock Exchange since 23 March 2009 (the "Listing Date").

Principal activities

The principal activity of the Company is investment holding. The Group is principally engaged in the procurement of dried cassava chips in Southeast Asian countries and the sales of dried cassava chips 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

The Group's profit for the year ended 31 March 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 42 to 91.

Dividends and closure of register of members

The Board recommends the payment of a final dividend of HK2 cents per share for the year ended 31 March 2009. In addition, in celebrating the 25th silver anniversary of the establishment of the Group, the Board recommends the payment of a special dividend of HK3 cents per share.

Upon approval from the forthcoming annual general meeting to be held on 23 September 2009, the final and special dividends, which are payable to shareholders whose names appear on the register of members of the Company by 4:30 p.m. on 17 September 2009, will be paid on or about 30 September 2009.

The register of members of the Company will be closed from 18 September 2009 to 23 September 2009, both days inclusive, during which period no transfer of shares can be effected. In order to qualify for the proposed final and special dividends, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 17 September 2009.

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 on 23 March 2009, after deduction of related issuance expenses, amounted to approximately HK$59,234,000. These proceeds will be applied, in accordance with the proposed applications set out in the Company's Prospectus, as follows:

– approximately HK$39,217,000 for the establishment of warehousing facilities and acquisition or leasing of drying yards in Thailand;

– approximately HK$4,073,000 for the development of the Group's procurement networks and logistics systems beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos;

– approximately HK$7,000,000 for 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 south western regions in the Mainland China;

– approximately HK$3,100,000 for 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 north-eastern region in the Mainland China; and

– the balance of approximately HK$5,844,000 to be used as additional general working capital of the Group.

For the period from the date of listing to 31 March 2009, the Company has not yet applied the above proceeds.

Summary financial information

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the Company's Prospectus and audited financial statements for the year ended 31 March 2009, respectively, and restated/reclassified as appropriate, is set out on page 93. This summary does not form part of the audited financial statements.

Report of the Directors

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 92.

Share capital

Details of movements in the Company's share capital during the period are set out in note 25 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

The listing of the Company's shares commenced on 23 March 2009. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from 23 March 2009 to 31 March 2009.

Reserves

Details of movements in the reserves of the Company during the period and the Group during the year are set out in note 27 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 March 2009, 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$18,341,000, of which HK$15,000,000 has been proposed as final and special dividends for the year. In addition, the Company's share premium account and contributed surplus, of HK$123,749,000 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 58% of the total sales for the year and sales to the largest customer included therein amounted to 16% of the total sales. Purchases from the Group's five largest suppliers accounted for less than 51% of the total purchases for the year and purchases to the largest supplier included therein amounted to 17% of the total purchases.

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 period were:

Executive directors:

Mr. Chu Ming Chuan	(appointed on 8 May 2008)
Ms. Liu Yuk Ming	(appointed on 8 May 2008)
Mr. Chu Ming Kin	(appointed on 2 July 2008)
Mr. Chan Yuk Tong	(appointed on 2 July 2008)
Ms. Lam Ching Fan	(appointed on 2 July 2008)

Independent non-executive directors:

Professor Fung Kwok Pui	(appointed on 22 January 2009)
Mr. Lee Kwan Hung	(appointed on 22 January 2009)
Mr. Yue Man Yiu Matthew	(appointed on 22 January 2009)

According to article 83(3) of the Company's articles of association, any director appointed by the Company's board of directors as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As all directors were appointed during the period, all of them shall retire and, being eligible, offer themselves for re-election at the 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 21 to 25 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 the Listing Date 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 three years commencing from the Listing Date.

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.

Report of the Directors

Directors' remuneration

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

Directors' interests in contracts

Save as the transactions set out in the section "Continuing connected transactions" and in note 31(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 2009, 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 through controlled corporation	Percentage of the Company's issued share capital
Mr. Chu Ming Chuan ("Mr. Chu") (note (a))	225,000,000	75%

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") (note (b))	Directly beneficially owned	97%
		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.

Save as disclosed above, as at 31 March 2009, 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 period 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 26 to the financial statements. No share options had been granted under the Scheme since the Scheme has became effective.

Report of the Directors

Substantial shareholders' interests in shares and underlying shares

At 31 March 2009, the following interests 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:

Long positions:

Name	Note	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
AR Management	(a)	Directly beneficially owned	225,000,000	75%
Mr. Chu	(a)	Through a controlled corporation	225,000,000	75%
Mrs. Chu	(a)	Through a controlled corporation	225,000,000	75%

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.

Save as disclosed above, as at 31 March 2009, 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 15 May 2008, Artwell Enterprises Limited ("Artwell Enterprises"), a subsidiary of the Company, and Alther, a company controlled by Mr. Chu Ming Chuan ("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 Enterprises (as tenant), for business use for a period of two years commencing from 1 April 2008 and expiring on 31 March 2010, at a total 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 28 March 2008, 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 three years commencing from 1 April 2008 and expiring on 31 March 2011, at an annual rental of RMB120,000 (equivalent to approximately HK$135,600).

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

On 28 March 2008, the Rizhao Yushun and Yafa Enterprise, a company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Yafa Enterprise (as landlord) agreed to lease a property located at Unit 301, West Wing, No. 5 Xixia Road, Lianyungang District, Lianyungang City, Jiangsu Province, the PRC with a total gross floor area of approximately 57 sq. metre to Rizhao Yushun (as tenant) for office and operational uses for a period of three years commencing from 1 April 2008 and expiring on 31 March 2011 at an annual rental of RMB38,600 (equivalent to approximately HK$43,618).

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

On 28 March 2008, Rizhao Yushun and Mr. Chu entered into a lease agreement, pursuant to which Mr. Chu (as landlord) agreed to lease a property located at Unit 3203, 32nd Floor, Block 1, No. 37 Donghai Xi Road, Shinan District, Qingdao City, Shangdong Province, the PRC with a total gross floor area of approximately 114.04 sq. metre to Rizhao Yushun (as tenant) as staff quarters for a period of three years commencing from 1 April 2008 and expiring on 31 March 2011, at an annual rental of RMB120,000 (equivalent to approximately HK$135,600).

(e) Lease by the Group to A-luck Limited ("A-Luck")

On 28 June 2007, Artwell Enterprises and A-Luck, a company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Artwell Enterprises (as landlord) agreed to lease a factory complex located at No. 22 Dongshen Road, E-gong Ling, Pinghu Town, Longgang District, Shenzhen City, Guangdong Province, the PRC with a total gross floor area of approximately 1,348.8 sq. metre to A-luck (as tenant), for a period of three years commencing from 1 July 2007 and expiring on 30 June 2010, at a total annual rental of RMB198,540 (equivalent to approximately HK$224,400).

Report of the Directors

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and in note 31(a) to the financial statements and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

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

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

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

The independent non-executive Directors have reviewed the Aja-Art Rich Arrangements and confirmed that the Aja-Art Rich Arrangements have remained unchanged and consistent 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 practical date prior to the date of this report.

Competing business

None of the directors of the Company had an interest in a business which competes or may compete with the business of the Group.

Code of conduct regarding securities transactions by directors

During the year ended 31 March 2009, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with he required standard of dealings and its code of conduct regarding securities transactions by directors.

Corporate governance

To the knowledge of the Board, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2009.

Audit committee

The Company has set up an audit committee (the "Audit Committee") for the purposes of reviewing and providing supervision over financial reporting process and internal controls of the Group. The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee held a meeting on 23 July 2009 to consider and review the annual report and annual financial statements of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the annual report and the annual financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

Auditors

Ernst & Young were appointed as the first auditors of the Company for the period ended 31 March 2009. 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
24 July 2009

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 period from the Company's listing on the Stock Exchange on 23 March 2009 (the "Listing Date") to 31 March 2009, 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 regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding securities transactions by directors during the period from the Listing Date to 31 March 2009.

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**

   Subsequent to the Listing Date to 31 March 2009, the Board of Directors has held one regular meeting up to the date of this annual report with all Directors attended in person. 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 2009 and at the date of this annual report, the Board was consisted of the following eight directors:

Executive Directors:
Mr. Chu Ming Chuan *(Chairman)*
Ms. Liu Yuk Ming
Mr. Chu Ming Kin
Mr. Chan Yuk Tong
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 21 to 25 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.

Corporate Governance Report

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

   Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 23 March 2009. All of their appointments 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 an initial term of three years from 23 March 2009, 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 one meeting up to the date of this annual report with all members of the committee attended. At the meeting, the committee has reviewed the Company's financial statements and the Group's combined financial statements for the year ended 31 March 2009, 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 period from the Listing Date to 31 March 2009, there was no meeting held by the Remuneration Committee.

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 period from the Listing Date to 31 March 2009, there was no meeting held by the Remuneration Committee.

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 2009, the total fee paid/payable to the external auditors of the Company, Ernst & Young, in respect of audit and non-audit services is set out below:

	For the year ended 31 March 2009 HKD'000
Annual audit services	**900**
Reporting accountants in relation to the listing	**5,700**
Tax advisory services	**700**

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.

Corporate Governance Report

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 2009, 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 directors of Asia Cassava Resources Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Asia Cassava Resources Holdings Limited set out on pages 42 to 91, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of change in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with the 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
24 July 2009

Consolidated Income Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**919,250**	903,560
Cost of sales		**(730,547)**	(665,159)
Gross profit		**188,703**	238,401
Other income and gains	5	**11,233**	25,109
Fair value gain/(loss) on investment properties	15	**(16,859)**	9,070
Deficit on revaluation of own-used properties	14	**(2,455)**	–
Selling and distribution costs		**(95,398)**	(124,529)
Administrative expenses		**(22,611)**	(16,993)
Finance costs	6	**(10,532)**	(14,984)
PROFIT BEFORE TAX	7	**52,081**	116,074
Tax	10	**(2,074)**	(14,215)
PROFIT FOR THE YEAR		**50,007**	101,859
DIVIDENDS	12		
Interim		**–**	75,000
Proposed final		**6,000**	–
Proposed special		**9,000**	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basis (HK cents)		**22.1**	45.3

Consolidated Balance Sheet

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**13,978**	21,810
Investment properties	15	**31,340**	48,199
Deferred tax assets	24	**1,822**	5,605
Total non-current assets		**47,140**	75,614
CURRENT ASSETS			
Inventories	17	**47,632**	59,523
Trade and bills receivables	18	**104,140**	27,798
Prepayments, deposits and other receivables	19	**34,711**	12,839
Due from related companies	31(b)	**–**	43,961
Cash and cash equivalents	20	**164,674**	45,340
Total current assets		**351,157**	189,461
CURRENT LIABILITIES			
Trade and other payables and accruals	21	**77,481**	12,503
Interest-bearing bank borrowings	22	**112,914**	121,634
Finance lease payable	23	**47**	128
Tax payable		**15,661**	26,880
Due to a director	31(b)	**–**	12,085
Due to related companies	31(b)	**–**	740
Total current liabilities		**206,103**	173,970
NET CURRENT ASSETS		**145,054**	15,491
TOTAL ASSETS LESS CURRENT LIABILITIES		**192,194**	91,105
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	22	**6,967**	8,009
Finance lease payable	23	**–**	40
Deferred tax liabilities	24	**2,057**	5,530
Total non-current liabilities		**9,024**	13,579
Net assets		**183,170**	77,526
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	25	**30,000**	–
Reserves	27	**138,170**	77,526
Proposed dividends	12	**15,000**	–
Total equity		**183,170**	77,526

Chu Ming Chuan
Director

Chan Yuk Tong
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

	Notes	Attributable to equity holders of the Company									
		Issued capital	Share premium*	Contributed surplus*	Merger reserve*	Legal reserve*	Asset revaluation reserve*	Exchange fluctuation reserve*	Retained profits*	Proposed dividends	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000 (note (i))	HK$'000 (note (ii))	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2007		–	–	15,643	(9,773)	–	5,671	(123)	32,752	–	44,170
Exchange realignment		–	–	–	–	–	–	1,339	–	–	1,339
Change in fair value of a building recognised directly in equity		–	–	–	–	–	3,117	–	–	–	3,117
Deferred tax component of asset revaluation reserve		–	–	–	–	–	(545)	–	–	–	(545)
Total income and expenses directly recognised in equity		–	–	–	–	–	2,572	1,339	–	–	3,911
Profit for the year		–	–	–	–	–	–	–	101,859	–	101,859
Total income and expense for the year		–	–	–	–	–	2,572	1,339	101,859	–	105,770
Capital contribution		–	–	2,586	–	–	–	–	–	–	2,586
Transfer to legal reserve		–	–	–	–	46	–	–	(46)	–	–
Dividends distributed by subsidiaries	12	–	–	–	–	–	–	–	(75,000)	–	(75,000)
At 31 March 2008 and 1 April 2008		–	–	18,229	(9,773)	46	8,243	1,216	59,565	–	77,526
Exchange realignment		–	–	–	–	–	–	194	–	–	194
Change in fair value of a building recognised directly in equity		–	–	–	–	–	(4,659)	–	–	–	(4,659)
Deferred tax component of asset revaluation reserve		–	–	–	–	–	868	–	–	–	868
Total income and expenses directly recognised in equity		–	–	–	–	–	(3,791)	194	–	–	(3,597)
Profit for the year		–	–	–	–	–	–	–	50,007	–	50,007
Total income and expense for the year		–	–	–	–	–	(3,791)	194	50,007	–	46,410
Capitalisation issue of shares	25	12,500	(12,500)	–	–	–	–	–	–	–	–
Issuance of shares	25	7,500	69,000	–	–	–	–	–	–	–	76,500
Share issue expenses		–	(17,266)	–	–	–	–	–	–	–	(17,266)
Acquisition of subsidiaries pursuant to the Group Reorganisation	25	10,000	–	(10,000)	–	–	–	–	–	–	–
Proposed 2009 final dividend	12	–	–	–	–	–	–	–	(6,000)	6,000	–
Proposed 2009 special dividend	12	–	–	–	–	–	–	–	(9,000)	9,000	–
At 31 March 2009		30,000	39,234	8,229	(9,773)	46	4,452	1,410	94,572	15,000	183,170

Notes:

(i) The merger reserve represents the excess of the consideration paid over the net asset value of the subsidiaries acquired pursuant to the Group Reorganisation over the investment cost of these subsidiaries.

(ii) 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$138,170,000 (2008: HK$77,526,000) in the consolidated balance sheet.

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**52,081**	116,074
Adjustments for:			
Interest income	5	**(92)**	(5,345)
Change in fair value of investment properties	15	**16,859**	(9,070)
Deficit on revaluation of own-used properties	14	**2,455**	–
Gain on disposal of investment properties	5	**–**	(65)
Gain on disposal of an available-for-sale investment	5	**–**	(16,205)
Finance costs	6	**10,532**	14,984
Depreciation	7	**708**	434
		82,543	100,807
Decrease in inventories		**11,891**	81,284
Decrease/(increase) in bills receivable		**(76,342)**	34,286
Increase in prepayments, deposits and other receivables		**(21,872)**	(9,023)
Increase/(decrease) in trade and other payables and accruals		**64,978**	(35,262)
Cash generated from operations		**61,198**	172,092
Interest received		**92**	5,345
Interest paid		**(10,532)**	(14,984)
Hong Kong taxes paid		**(6,159)**	(1,913)
Overseas taxes paid		**(5,956)**	(1,661)
Net cash inflow from operating activities		**38,643**	158,879
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	14	**(61)**	(9,758)
Purchase of investment properties	15	**–**	(10,129)
Proceeds from disposal of investment properties		**–**	965
Proceeds from disposal of an available-for-sale investment		**–**	31,828
Net cash inflow/(outflow) from investing activities		**(61)**	12,906

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	25	**76,500**	–
Share issue expenses		**(17,266)**	–
Receipt of amounts due from related companies		**63,825**	64,735
Payment of amounts due to related companies		**(20,604)**	(74,825)
Receipt of amount due from a director		**56,510**	62,846
Payment of amount due to a director		**(88,119)**	(80,069)
Drawdown of bank loans		**248,023**	125,691
Repayment of bank loans		**(238,261)**	(283,766)
Capital element of finance lease rental payments		**(121)**	(128)
Proceeds from capital contributions		**–**	2,586
Net cash inflow/(outflow) from financing activities		**80,487**	(182,930)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**119,069**	(11,145)
Cash and cash equivalents at beginning of year		**45,340**	55,301
Effect of foreign exchange rate changes, net		**265**	1,184
CASH AND CASH EQUIVALENTS AT END OF YEAR		**164,674**	45,340
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**144,658**	43,975
Non-pledged time deposits with original maturity of less than three months when acquired	20	**20,016**	1,365
		164,674	45,340

Balance Sheet

31 March 2009

	Notes	2009 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	16	**94,475**
CURRENT ASSETS		
Amount due from a subsidiary	16	**20,000**
Prepayments, deposits and other receivables	19	**16,082**
Cash and cash equivalents	20	**58,355**
Total current assets		**94,437**
CURRENT LIABILITIES		
Amount due to a subsidiary	16	**3,860**
Accruals	21	**13,002**
Total current liabilities		**16,862**
NET CURRENT ASSETS		**77,575**
Net assets		**172,050**
EQUITY		
Issued capital	25	**30,000**
Reserves	27	**127,050**
Proposed dividends	12	**15,000**
Total equity		**172,050**

Chu Ming Chuan
Director

Chan Yuk Tong
Director

Notes to Financial Statement

31 March 2009

1. Corporate Information

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

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

Pursuant to the group reorganisation for the purpose of the listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company has become the holding company of the subsidiaries now comprising the Group since 18 February 2009 (the "Group Reorganisation"). The details of the Group Reorganisation was set out in the section headed "Corporate Reorganisation" in Appendix V "Statutory and General Information" to the prospectus of the Company dated 26 February 2009 (the "Prospectus") in connection with the Listing. The ordinary shares of the Company were listed on the Stock Exchange on 23 March 2009.

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

2.1 Basis of Presentation and Consolidation

These financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. 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 dollar and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as a result of the Group Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31 March 2008 and 2009 include the results of the Company and its subsidiaries with effect from 1 April 2007 or since their respective dates of incorporation, where this is a shorter period. The comparative consolidated balance sheet as at 31 March 2008 has been prepared on the basis that the existing Group had been in place at that date. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

In the opinion of the directors the consolidated financial statements prepared on the above basis presented more fairly the results and state of affairs of the Group as a whole.

Comparative amounts have not been presented for the Company's balance sheet and the notes thereto because the Company was not in existence on 31 March 2008.

2.2 Impact of New and Revised Hong Kong Financial Reporting Standards

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

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instrument: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limited on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*

The adoption of these new interpretation and amendments has had no significant financial effect on these financial statements and these have been no significant changes to the accounting policies applied in these financial statements.

2.3 Impact of 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 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendment to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*[1]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation and* HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and* HKAS 39 *Financial Instruments: Recognition and Measurement*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[6]
HKFRSs (Amendments)	*Improvements to HKFRSs*[7]*

Notes to Financial Statement

31 March 2009

2.3 Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards

(Continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods on or after 1 July 2009, the amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for transfers of assets from customers received on or after 1 July 2009
[7] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

* Improvements to HKFRSs contains amendments to HKFRS 2, HKFRS 5, HKFRS 7, HKFRS 8, HKAS 1, HKAS 7, HKAS 8, HKAS 10, HKAS 16, HKAS 17, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it anticipates that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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 income statement 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 the income statement 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.

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of non-financial assets *(Continued)*

An assessment is made at each reporting date 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 the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

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

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group or its holding company;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations 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 property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. 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 Statement

31 March 2009

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%

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 each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement 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 balance sheet date.

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

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

2.4 Summary of Significant Accounting Policies *(Continued)*

Leases *(Continued)*

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

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

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial asset is non-derivative financial assets in an unlisted equity security that is designated as available for sale.

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

Notes to Financial Statement

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2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost 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 been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. 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 impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade, bills and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliable measured 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or ''prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

2.4 Summary of Significant Accounting Policies *(Continued)*

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 where:

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

Where the Group has transferred its rights to receive cash flows from an asset and 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.

Financial liabilities at amortised cost (including interest-bearing bank borrowings)

Financial liabilities including trade and other payables, amounts due to a director and related companies, finance lease payable and interest-bearing bank borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

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

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

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.

Notes to Financial Statement

31 March 2009

2.4 Summary of Significant Accounting Policies *(Continued)*

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 balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period 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.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date 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:

- where 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 where 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, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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 at the balance sheet date.

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.

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;

(c) management fee income, when the services have been rendered; and

(d) 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; and

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement 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.

Notes to Financial Statement

31 March 2009

2.4 Summary of Significant Accounting Policies *(Continued)*

Other employee benefits *(Continued)*

Pension scheme (Continued)

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

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

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

Dividends

Final and special dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, 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 the income statement in the period in which they are incurred.

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 are initially recorded using the 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 balance sheet date. All differences are taken to the income statement. 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.

2.4 Summary of Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. 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.

Notes to Financial Statement

31 March 2009

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

Judgements *(Continued)*

(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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed 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 2009 was HK$13,978,000 (2008: HK$21,800,000).

(ii) *Estimation of fair value of investment properties*

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.

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

Estimation uncertainty *(Continued)*

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 amount of investment properties at 31 March 2009 was HK$31,340,000 (2008: HK$48,199,000). 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.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 March 2009 was HK$1,866,000 (2008: HK$5,656,000). The amount of unrecognised tax losses at 31 March 2009 was HK$1,457,000 (2008: Nil).

4. Segment Information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represented a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

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

(b) the sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Notes to Financial Statement

31 March 2009

4. Segment Information *(Continued)*

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

	Property investment HK$'000	Sale of dried cassava chips HK$'000	Total HK$'000
Year ended 31 March 2009			
Segment revenue:			
Sales to external customers	–	919,250	919,250
Gross rental income	1,524	–	1,524
Total	1,524	919,250	920,774
Segment results	(15,380)	102,665	87,285
Interest and unallocated gains			349
Corporate and other unallocated expenses			(25,021)
Finance costs			(10,532)
Profit before tax			52,081
Tax			(2,074)
Profit for the year			50,007
Assets and liabilities			
Segment assets	31,757	276,218	307,975
Corporate and other unallocated assets			90,322
Total assets			398,297
Segment liabilities	389	64,054	64,443
Corporate and other unallocated liabilities			150,684
Total liabilities			215,127
Other segment information:			
Depreciation and amortisation	–	338	338
Corporate and other unallocated amounts			370
			708
Capital expenditure	–	61	61
Fair value loss on investment properties	16,859	–	16,859
Deficit of revaluation of own-used properties	2,455	–	2,455

4. Segment Information *(Continued)*

(a) Business segments *(Continued)*

	Property investment HK$'000	Sale of dried cassava chips HK$'000	Total HK$'000
Year ended 31 March 2008			
Segment revenue:			
Sales to external customers	–	903,560	903,560
Gross rental income	1,299	–	1,299
Total	1,299	903,560	904,859
Segment results	10,275	113,872	124,147
Interest and unallocated gains			23,810
Corporate and other unallocated expenses			(16,899)
Finance costs			(14,984)
Profit before tax			116,074
Tax			(14,215)
Profit for the year			101,859
Assets and liabilities			
Segment assets	48,199	101,750	149,949
Corporate and other unallocated assets			115,126
Total assets			265,075
Segment liabilities	36	12,467	12,503
Corporate and other unallocated liabilities			175,046
Total liabilities			187,549
Other segment information:			
Depreciation and amortisation	–	375	375
Corporate and other unallocated amounts			59
			434
Capital expenditure	10,129	896	11,025
Corporate and other unallocated amounts			8,862
			19,887
Fair value gain on investment properties	(9,070)	–	(9,070)

Notes to Financial Statement

31 March 2009

4. Segment Information *(Continued)*

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	Mainland China HK$'000	Hong Kong HK$'000	Macau HK$'000	Thailand HK$'000	Total HK$'000
Year ended 31 March 2009					
Segment revenue:					
Sales to external customers	**919,250**	**–**	**–**	**–**	**919,250**
Gross rental income	**–**	**1,524**	**–**	**–**	**1,524**
	919,250	**1,524**	**–**	**–**	**920,774**
Other segment information:					
Segment assets	**52,087**	**178,916**	**114,226**	**53,068**	**398,297**
Capital expenditure	**17**	**40**	**4**	**–**	**61**
Year ended 31 March 2008					
Segment revenue:					
Sales to external customers	894,566	–	–	8,994	903,560
Gross rental income	–	1,299	–	–	1,299
	894,566	1,299	–	8,994	904,859
Other segment information:					
Segment assets	48,587	109,137	30,994	76,357	265,075
Capital expenditure	10,129	8,694	7	1,057	19,887

5. Revenue, Other Income and Gains

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 other income and gains is as follows:

	2009 HK$'000	2008 HK$'000
Other income		
Management fee income to a related company	–	1,800
Bank interest income	92	345
Interest income from a related company	–	5,000
Gross rental income	1,524	1,299
Compensation from a supplier	9,360	–
Others	257	395
	11,233	8,839
Gains		
Gain on disposal of an available-for-sale investment	–	16,205
Gain on disposal of investment properties	–	65
	–	16,270
	11,233	25,109

6. Finance Costs

	2009 HK$'000	2008 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	10,294	14,814
Interest on bank loans wholly repayable after five years	218	156
Interest on finance leases	20	14
	10,532	14,984

Notes to Financial Statement

31 March 2009

7. Profit Before Tax

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

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**730,547**	665,159
Depreciation	**708**	434
Auditors' remuneration	**999**	1,108
Employee benefit expenses (including directors' remuneration – note 8):		
Wages and salaries	**8,972**	5,544
Pension scheme contributions*	**390**	127
	9,362	5,617
Gross rental income	**(1,524)**	(1,299)
Less: Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**45**	94
Net rental income	**(1,479)**	(1,205)
Minimum lease payments under operating leases in respect of storage facilities and office premises	**2,683**	2,760
Contingent rent under operating leases in respect of storage facilities	**307**	2,524
Foreign exchange differences, net	**3,510**	2,377

* As at 31 March 2009, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2008: 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	
	2009	2008
	HK$'000	HK$'000
Fees	**10**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**1,857**	1,430
Pension scheme contributions	**48**	48
	1,905	1,478
	1,915	1,478

Year ended 31 March 2009

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Chu Ming Chuan	–	494	12	506
Liu Yuk Ming	–	254	12	266
Chu Ming Kin	–	779	12	791
Chan Yuk Tong	–	24	–	24
Lam Ching Fan	–	306	12	318
	–	1,857	48	1,905
Independent non-executive directors:				
Fung Kwok Pui	3	–	–	3
Lee Kwan Hung	4	–	–	4
Yue Man Yiu Matthew	3	–	–	3
	10	–	–	10
	10	1,857	48	1,915

8. Directors' Remuneration *(Continued)*

Year ended 31 March 2008

	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	–	456	12	468
Liu Yuk Ming	–	207	12	219
Chu Ming Kin	–	507	12	519
Chan Yuk Tong	–	–	–	–
Lam Ching Fan	–	260	12	272
	–	1,430	48	1,478
Independent non-executive directors:				
Fung Kwok Pui	–	–	–	–
Lee Kwan Hung	–	–	–	–
Yue Man Yiu Matthew	–	–	–	–
	–	–	–	–
	–	1,430	48	1,478

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2008: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2008: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2008: one) non-director, highest paid employees for the year are as follows:

	2009 HK$'000	2008 HK$'000
Salaries, allowances and benefits in kind	**1,377**	257
Pension scheme contributions	**35**	12
	1,412	269

The remuneration of all non-director, highest paid employees is within HK$1,000,000.

10. Tax

Hong Kong profits tax has been provided at the rates of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009 HK$'000	2008 HK$'000
Current – Hong Kong	**5,164**	11,151
Current – elsewhere		
Charge for the year	**1,355**	2,868
Overprovision in prior years	**(5,623)**	–
Deferred (note 24)	**1,178**	196
Total tax charge for the year	**2,074**	14,215

A reconciliation of the tax expense applicable to profit before tax using 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:

	2009 HK$'000	2008 HK$'000
Profit before tax	**52,081**	116,074
Tax at the statutory tax rate	**8,593**	20,313
Higher/(lower) tax rate for specific jurisdictions	**1,423**	171
Effect on opening deferred tax of decrease in tax rates	**(213)**	–
Adjustments in respect of current tax of previous periods	**(5,623)**	–
Income not subject to tax	**(7,213)**	(8,141)
Expenses not deductible for tax	**4,500**	1,872
Temporary difference not recognised	**607**	–
Tax charge for the year	**2,074**	14,215

11. Profit Attributable to Equity Holders of the Company

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2009 includes a profit of HK$18,341,000 which has been dealt with in the financial statements of the Company (note 27(b)).

Notes to Financial Statement

31 March 2009

12. Dividends

	2009 HK$'000	2008 HK$'000
Proposed final – HK2 cents per ordinary share	**6,000**	–
Proposed special – HK3 cents per ordinary share	**9,000**	–
Dividends distributed by the subsidiaries#	**–**	75,000
	15,000	75,000

The proposed final and proposed special dividends for the current year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The amount represented dividend declared and paid by the Company's subsidiaries to their then shareholders during the year ended 31 March 2008. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the purpose of these financial statements.

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 of HK$50,007,000 (2008: HK$101,859,000), and the weighted average number of 226,648,252 (2008: 225,000,000) ordinary shares in issue during the year.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2008 includes the pro forma issued share capital of the Company of 225,000,000 shares, comprising:

(i) the 1 share of the Company allotted and issued at nil paid on 8 May 2008 (note 25(c));

(ii) the 99,999,999 shares issued as consideration for the acquisition of a subsidiary pursuant to the Group Reorganisation on 18 February 2009 (note 25(d)(i)); and

(iii) the capitalisation issue of 125,000,000 shares (note 25(e)).

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2009 includes the weighted average of 1,648,252 shares issued upon the listing of the Company's shares on the Stock Exchange on 23 March 2009 in addition to the aforementioned 225,000,000 ordinary shares.

A diluted earnings per share amounts for the years ended 31 March 2009 and 2008 have not been disclosed as no diluting events existed during these years.

14. Property, Plant and Equipment

Group

	Leasehold land and buildings HK$'000	Furniture, fixtures and leasehold improvements HK$'000	Machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2009					
At 1 April 2008:					
Cost or valuation	20,220	841	1,139	2,533	24,733
Accumulated depreciation	–	(506)	(290)	(2,127)	(2,923)
Net carrying amount	20,220	335	849	406	21,810
At 1 April 2008, net of accumulated depreciation	20,220	335	849	406	21,810
Additions	–	–	61	–	61
Depreciation provided during the year	(206)	(97)	(189)	(216)	(708)
Revaluation	(7,114)	–	–	–	(7,114)
Exchange realignment	–	(42)	(9)	(20)	(71)
At 31 March 2009, net of accumulated depreciation	12,900	196	712	170	13,978
At 31 March 2009:					
Cost or valuation	12,900	787	1,191	2,446	17,324
Accumulated depreciation	–	(591)	(479)	(2,276)	(3,346)
Net carrying amount	12,900	196	712	170	13,978
Analysis of cost or valuation:					
At cost	–	196	712	170	1,078
At 31 March 2009 valuation	12,900	–	–	–	12,900
	12,900	196	712	170	13,978

Notes to Financial Statement

31 March 2009

14. Property, Plant and Equipment *(Continued)*

Group

	Leasehold land and buildings HK$'000	Furniture, fixtures and leasehold improvements HK$'000	Machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2008					
At 1 April 2007:					
Cost or valuation	8,300	660	318	2,632	11,910
Accumulated depreciation	–	(412)	(249)	(2,035)	(2,696)
Net carrying amount	8,300	248	69	597	9,214
At 1 April 2007, net of accumulated depreciation	8,300	248	69	597	9,214
Additions	8,862	91	804	1	9,758
Depreciation provided during the year	(59)	(74)	(29)	(272)	(434)
Revaluation	3,117	–	–	–	3,117
Exchange realignment	–	70	5	80	155
At 31 March 2008, net of accumulated depreciation	20,220	335	849	406	21,810
At 31 March 2008:					
Cost or valuation	20,220	841	1,139	2,533	24,733
Accumulated depreciation	–	(506)	(290)	(2,127)	(2,923)
Net carrying amount	20,220	335	849	406	21,810
Analysis of cost or valuation:					
At cost	–	841	1,139	2,533	4,513
At 31 March 2008 valuation	20,220	–	–	–	20,220
	20,220	841	1,139	2,533	24,733

The Group's leasehold land is held under a long term lease and is situated in Hong Kong.

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles at 31 March 2009 amounted to HK$43,000 (2008: HK$118,000).

14. Property, Plant and Equipment *(Continued)*

The Group's leasehold land and buildings were revalued individually at 31 March 2009 by Asset Appraisal Limited, independent professionally qualified valuers at an aggregate open market value of HK$12,900,000 (2008: HK$20,220,000) based on their existing use, resulting in a revaluation deficit of HK$7,114,000 (2008: revaluation surplus of HK$3,117,000), of which a revaluation deficit of HK$4,659,000 (2008: revaluation surplus of HK$3,117,000 was credited to asset revaluation reserve) was charged to the asset revaluation reserve whereas the remaining deficit of HK$2,455,000 (2008: Nil) was charged to the income statement.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK$10,048,000 (2008: HK$10,228,000).

As at 31 March 2009, the Group's leasehold land and buildings with a carrying value of approximately HK$12,900,000 (2008: HK$20,220,000) were pledged to secure bank loans granted to the Group (note 22(i)).

15. Investment Properties

Group

	2009 HK$'000	2008 HK$'000
Carrying amount at beginning of the year	**48,199**	29,900
Additions	**–**	10,129
Disposals	**–**	(900)
Net gain/(loss) on a fair value adjustment	**(16,859)**	9,070
Carrying amount at 31 March	**31,340**	48,199

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

	2009 HK$'000	2008 HK$'000
Long term leases in Hong Kong	**23,900**	38,070
Medium term leases in Mainland China	**7,440**	10,129
	31,340	48,199

The Group's investment properties were revalued on 31 March 2009 by Asset Appraisal Limited, independent professionally qualified valuers, at HK$31,340,000 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 29(a) to the financial statements.

At 31 March 2009, the Group's investment properties with a carrying value of HK$23,900,000 were pledged to secure bank loans granted to the Group (note 22(ii)).

Notes to Financial Statement

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16. Interests in Subsidiaries

	Company 2009 HK$'000
Unlisted shares, at cost	**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.

Particulars of the 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	MOP 100,000	–	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
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
Artwell Group (Cambodia) Limited#	Cambodia	Riel20,000,000	–	100	Procurement of fresh dried cassava roots and procurement and sale of dried cassava chips
Art Ocean Development Limited#	British Virgin Islands/ Hong Kong	US$1	–	100	Holding of trademark

16. Interests 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 Direct	Percentage of equity attributable to the Company Indirect	Principal activities
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
Fine Success Enterprise Limited	Hong Kong	HK$10	–	100	Property investment
Wide Triumph Investment Limited	Hong Kong	HK$10,000	–	100	Property investment

Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

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

17. Inventories

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

At 31 March 2008, the Group's inventories were pledged as security for the Group's banking facilities (note 22).

Notes to Financial Statement

31 March 2009

18. Trade and Bills Receivable

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 term within 90 days to 180 days at sight, or by cash on delivery. Credit limits are set for individual customer. 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 receivable as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within 30 days	**103,961**	27,798
30 – 60 days	**179**	–
	104,140	27,798

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

19. Prepayments, Deposits and Other Receivables

	Group		Company
	2009	2008	**2009**
	HK$'000	HK$'000	**HK$'000**
Prepayments	**3,223**	5,560	**–**
Deposits and other receivables	**31,488**	7,279	**16,082**
	34,711	12,839	**16,082**

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

20. Cash and Cash Equivalents

	Group		Company
	2009	2008	2009
	HK$'000	HK$'000	HK$'000
Cash and bank balances	**144,658**	43,975	**58,355**
Time deposits	**20,016**	1,365	**–**
Cash and cash equivalents	**164,674**	45,340	**58,355**

At the balance sheet date, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$42,593,000 (2008: HK$11,832,000). 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
	2009	2008	2009
	HK$'000	HK$'000	HK$'000
Trade and other payables	**55,020**	3,790	**–**
Accrued liabilities	**22,116**	8,307	**13,002**
Rental deposits received	**345**	406	**–**
	77,481	12,503	**13,002**

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

Notes to Financial Statement

31 March 2009

22. Interest-bearing Bank Borrowings

Group	Effective interest rate (%)	Maturity	2009 HK$'000	Effective interest rate (%)	Maturity	2008 HK$'000
Current						
Bank loans – secured	2.63 – 9.11	Within 1 year	111,872	5.5 – 9.25	Within 1 year	39,014
Trust receipt loans – secured	3.75 – 8.25	Within 1 year	–	3.75 – 8.25	Within 1 year	81,711
Current portion of long term bank loans – secured	0.90 – 5.08	2016 – 2018	1,042	2.45 – 5.03	2016 – 2018	909
			112,914			121,634
Non-current						
Long term bank loans – secured	0.90 – 5.08	2016 – 2018	6,967	2.45 – 5.03	2016 – 2018	8,009
			119,881			129,643

	Group 2009 HK$'000	Group 2008 HK$'000
Analysed into bank borrowings repayable:		
Within one year or on demand	112,914	121,634
In the second year	1,055	941
In the third to fifth years, inclusive	3,235	2,970
Beyond five years	2,677	4,098
	119,881	129,643

Notes:

The Group's bank borrowings are secured by:

(i) mortgages over the Group's land and buildings situated in Hong Kong with a carrying value of HK$12,900,000 (2008: HK$20,220,000) (note 14);

(ii) mortgages over the Group's investment properties situated in Hong Kong with a carrying value of HK$23,900,000 (2008: HK$38,070,000) (note 15);

(iii) certain properties of a director of the Company and certain related companies controlled by that director; and

(iv) unlimited guarantees by a director of the Company.

22. Interest-bearing Bank Borrowings *(Continued)*

As at 31 March 2008, the Group's bank borrowings were also secured by floating charges over all the Group's inventories (note 17) and unlimited cross guarantee by certain related companies controlled by a director of the Company.

The Group's bank borrowings as at the balance sheet dates are denominated in the following currencies:

	2009 HK$'000	2008 HK$'000
United States dollar	**73,127**	89,730
Hong Kong dollar	**8,009**	9,946
Thai Baht ("THB")	**21,795**	–
RMB	**16,950**	29,967
	119,881	129,643

The carrying amounts of the interest-bearing bank borrowings approximate to their fair values. The fair value of the interest-bearing bank borrowings has been calculated by discounting the expected future cash flows at the prevailing interest rates.

23. Finance Lease Payable

The Group leases one of its motor vehicles under a finance lease agreement. The lease is classified as a finance lease repayable by 36 monthly instalments and has a remaining lease term of 4 months as at 31 March 2009 (2008: 16 months).

At 31 March 2009, the total future minimum lease payments under a finance lease and their present values were as follows:

	Minimum lease payments		**Present value of minimum lease payments**	
Group	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Amounts payable:				
Within one year	**47**	142	**46**	128
In the second year	**–**	44	**–**	40
In the third to fifth years, inclusive	**–**	–	**–**	–
Total minimum finance lease payments	**47**	186	**46**	168
Future finance charges	**(1)**	(18)		
Total net finance lease payables	**46**	168		
Portion classified as current liabilities	**46**	(128)		
Non-current portion	**–**	40		

24. Deferred Tax Assets/liabilities

Deferred tax liabilities

Group	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Losses available for offset against future taxable profits HK$'000	Total HK$'000
At 1 April 2007	3,023	327	(37)	3,313
Deferred tax on charged/(credited) to the income statement during the year (note 10)	1,587	99	(14)	1,672
Deferred tax charged to equity asset revaluation reserve during the year	545	–	–	545
At 31 March 2008 and 1 April 2008	5,155	426	(51)	5,530
Deferred tax on charged/(credited) to the income statement during the year (note 10)	(2,516)	(96)	7	(2,605)
Deferred tax charged to equity asset revaluation reserve during the year	(868)	–	–	(868)
At 31 March 2009	**1,771**	**330**	**(44)**	**2,057**

Deferred tax assets

	Stock provision HK$'000	Losses available for offset against future taxable profits HK$'000	Total HK$'000
At 1 April 2007	(3,714)	(415)	(4,129)
Deferred tax credited/(charged) to the income statement during the year	3,714	(5,190)	(1,476)
At 31 March 2008 and 1 April 2008	–	(5,605)	(5,605)
Deferred tax charged to the income statement during the year	–	3,783	3,783
At 31 March 2009	**–**	**(1,822)**	**(1,822)**

The group has tax losses arising in Hong Kong of HK$1,457,000 (2008: Nil) 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 theses losses as they have arisen in subsidiaries that have 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.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. Share Capital

	2009 HK$'000
Authorised:	
2,000,000,000 ordinary shares of HK$0.1 each	**200,000**
Issued and fully paid:	
300,000,000 ordinary shares of HK$0.1 each	**30,000**

The following changes in the Company's authorised and issued share capital took place during the period from 8 May 2008 (date of incorporation) to 31 March 2009:

	Notes	Number of ordinary shares of HK$0.1 each	Nominal value of ordinary share HK$'000
Authorised:			
Upon incorporation	(a)	3,800,000	380
Increase in authorised share capital	(b)	1,996,200,000	199,620
As at 31 March 2009		**2,000,000,000**	**200,000**
Issued:			
Allotted and issued at nil paid	(c)	1	–
On acquisition of a subsidiary			
– consideration shares issued	(d)(i)	99,999,999	9,999
– nil paid share credited as fully paid	(d)(ii)	–	1
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of the new shares to the public	(e)	125,000,000	12,500
New issue of shares	(f)	75,000,000	7,500
As at 31 March 2009		**300,000,000**	**30,000**

25. Share Capital *(Continued)*

(a) Upon incorporation of the Company, the authorised share capital of the Company was HK$380,000 divided into 3,800,000 shares of HK$0.1 each.

(b) Pursuant to the resolutions passed on 18 February 2009, the authorised share capital of the Company was increased from HK$380,000 to HK$200,000,000 by the creation of additional 1,996,200,000 shares of HK$0.1 each.

(c) On 8 May 2008, 1 share of HK$0.1 each was allotted and issued at nil paid. The share was subsequently credited as fully paid as described in (d)(ii) below.

(d) Pursuant to the resolutions of the sole shareholder passed on 18 February 2009 and the Group Reorganisation,

(i) 99,999,999 shares of HK$0.1 each were allotted and issued, credited as fully paid at par, as consideration for the acquisition of the entire issued capital of a subsidiary; and

(ii) 1 share of HK$0.1 allotted and issued at nil paid on 8 May 2008 as set out in (c) above was credited as fully paid at par.

(e) Pursuant to the resolutions of the sole shareholder passed on 18 February 2009, an aggregate of 125,000,000 shares of HK$0.1 each in the Company were allotted and issued, credited as fully paid at par, by way of capitalisation of the sum of HK$12,500,000 from the share premium account, to the then sole shareholder of the Company, whose name appeared in the register of the Company on 18 February 2009, such allotment and capitalisation were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in (f) below.

(f) In connection with the Company's initial public offering, 75,000,000 shares of HK$0.1 each were issued at a price of HK$1.02 per share for a total cash consideration, before expenses, of HK$76,500,000. Dealings in these shares on the Stock Exchange commenced on 23 March 2009.

26. Share Option Scheme

On 18 February 2009, the Company adopted an option scheme (the "Scheme") which became effective on 23 March 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company operates 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. 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.

26. 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 option have been granted since the adoption of the Scheme.

27. 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 44 of the financial statements.

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired 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.

(b) Company

	Notes	**Share premium account** HK$'000	**Contributed surplus** HK$'000	**Proposed dividends** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At date of incorporation		–	–	–	–	–
Arising on Group Reorganisation		–	84,475	–	–	84,475
Capitalisation issue	25(e)	(12,500)	–	–	–	(12,500)
Issue of shares	25(f)	69,000	–	–	–	69,000
Share issue expenses		(17,266)	–	–		(17,266)
Profit for the period		–	–		18,341	18,341
Proposed 2009 final dividend	12	–	–	6,000	(6,000)	–
Proposed 2009 special dividend	12	–	–	9,000	(9,000)	–
At 31 March 2009		**39,274**	**84,475**	**15,000**	**3,341**	**142,050**

Notes to Financial Statement

31 March 2009

27. 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.

28. Notes to the Consolidated Cash Flow Statement

Major non-cash transactions:

(i) During the year ended 31 March 2008, dividends distributed by the subsidiaries of the Group of HK$75,000,000, were paid to the then shareholder of the subsidiaries and set off against the current account with a director.

(ii) During the year ended 31 March 2008, the Group acquired an investment property from a director at a consideration of HK$10,129,000 (note 15) and the consideration was set off against the current account with a director.

29. 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 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**918**	1,573
In the second to fifth years, inclusive	**680**	721
	1,598	2,294

29. Operating Lease Arrangements *(Continued)*

(b) As lessee

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

At 31 March 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**2,677**	4,375
In the second to fifth years, inclusive	**2,388**	7,163
	5,065	11,538

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

30. Commitments

At the balance sheet date, neither the Group nor the Company had any significant commitments.

31. Related Party Transactions

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

	Notes	**2009 HK$'000**	2008 HK$'000
Management fee income from a related company*	(i)	**–**	1,800
Interest income received from a related company*	(ii)	**–**	5,000
Freight handling fees paid to a related company*	(iii)	**–**	386
Rental income received from a related company*	(iv)	**224**	–
Consideration received on disposal of an investment property to a related company*	(v)	**–**	965
Consideration paid on acquisition of an investment property from a director	(v)	**–**	10,129
Management fees paid to a related company*	(vi)	**–**	740
Rental expenses paid to related companies*	(vii)	**567**	133
Rental expenses paid to a director	(vii)	**136**	–

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

31. Related Party Transactions *(Continued)*

(a) *(Continued)*

Notes:

(i) The management fee income received for the year ended 31 March 2008 for the provision of certain administrative services and the sharing of office was mutually agreed between both parties with reference to actual costs incurred.

(ii) The interest income received for the year ended 31 March 2008 was charged at 8% above the prime rate per annum quoted by the People's Bank of China on the outstanding amount due from a related company.

(iii) The freight handling fees paid for the year ended 31 March 2008 in relation to the transportation of dried cassava chips were charged with reference to the actual overhead costs incurred.

(iv) The rental income received was charged based on prevailing market rent.

(v) The consideration was based on fair market value appraised by independent professionally qualified valuers.

(vi) The management fee paid for the year ended 31 March 2008 for the provision of administrative services was mainly based on actual staff costs incurred. Commencing from 1 April 2008, the Group employed its own staff for such administrative services and no management fee was paid to the related company thereafter.

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

During the year, expenses related to the Listing of the Company of HK$13,575,000 was borne by a director of the Company (2008: Nil).

(b) Outstanding balances with related parties:

Particulars of amounts due from related companies, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	31 March 2009 HK$'000	Maximum amount outstanding during the year	1 April 2008 HK$'000
Due from related companies*:			
Alpha Concord Investments Limited	–	1,301	1,301
A Luck Limited (formerly A-Lush Limited)	–	3,104	3,104
Artwell Cotton Limited	–	3,001	3,001
Artwell Transportation Limited	–	120	120
Alther Limited	–	30,129	30,129
Jinan Yahe Textile Works Co., Ltd.	–	89	89
Rizhao Artwell International Hotel Co. Ltd.	–	597	597
Fujian Artwell Houseware Co., Ltd.	–	5,550	5,550
山東雅禾紡織股份有限公司	–	70	70
	–	43,961	43,961

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

All balances with related companies to a director are unsecured, interest-free and repayable on demand except for the balance with Alther Limited as at 31 March 2008 which bore interest at 8% above the prime rate quoted by the People Bank of China per annum.

31. Related Party Transactions *(Continued)*

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

	2009 HK$'000	2008 HK$'000
Short term employee benefits	**1,857**	1,430
Post-employment benefits	**48**	48
Total compensation paid to key management personnel	**1,905**	1,478

32. Financial Instruments by Category

Financial assets

All the Group's financial assets as at 31 March 2008 and 2009, including trade and bills receivable, deposits and other receivables, amounts due from related companies and cash and cash equivalents are categorised as loans and receivables.

Financial liabilities

All the Group's financial liabilities as at 31 March 2008 and 2009, including trade and other payables, a finance lease payable, amounts due to related companies, amount due to a director and interest-bearing bank borrowings are categorised as financial liabilities at amortised cost.

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as bills receivable, 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 currency. The Group's monetary assets, financing and transactions are principally denominated in Hong Kong dollars, United States Dollar ("US$"), Thai Baht ("THB") and Renminbi ("RMB"). The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against THB/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.

Notes to Financial Statement

31 March 2009

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

(i) Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the balance sheet date 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) RMB rate	**Increase/ (decease) in profit before tax**	**Increase/ (decrease) in equity***
	%	HK$'000	HK$'000
Year ended 31 March 2009			
If Hong Kong dollar weakens against RMB	**(1%)**	**89**	**101**
If Hong Kong dollar strengthens against RMB	**1%**	**(89)**	**(101)**
If Hong Kong dollar weakens against THB	**(1%)**	**(115)**	**–**
If Hong Kong dollar strengthens against THB	**1%**	**115**	**–**
Year ended 31 March 2008			
If Hong Kong dollar weakens against RMB	(1%)	106	101
If Hong Kong dollar strengthens against RMB	1%	(106)	(101)
If Hong Kong dollar weakens against THB	(1%)	(55)	–
If Hong Kong dollar strengthens against THB	1%	55	–

* Excluding retained profits

(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 irrecoverable 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.

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

(iii) Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in 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/ (decease) in profit before tax**	**Increase/ (decrease) in equity***
	%	HK$'000	HK$'000
Year ended 31 March 2009			
Hong Kong dollar	**1%**	**(981)**	**–**
Hong Kong dollar	**(1%)**	**981**	**–**
THB	**1%**	**(217)**	**–**
THB	**(1%)**	**217**	**–**
Year ended 31 March 2008			
Hong Kong dollar	1%	(1,425)	–
Hong Kong dollar	(1%)	1,425	–
THB	1%	(232)	–
THB	(1%)	232	–

* Excluding retained profits

Notes to Financial Statement

31 March 2009

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

(iv) Liquidity risk

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

The table below summarises the maturity profile of the Group's financial liabilities as at the balance sheet date based on contractual undiscounted payments.

31 March 2009	**On demand HK$'000**	**Less than 3 months HK$'000**	**3 to 12 months HK$'000**	**1 to 5 years HK$'000**	**Beyond 5 years HK$'000**	**Total HK$'000**
Finance lease payable	**47**	**–**	**–**	**–**	**–**	**47**
Interest-bearing bank borrowings	**–**	**113,914**	**1,055**	**3,235**	**2,677**	**120,881**
Trade and other payables	**–**	**55,020**	**–**	**–**	**–**	**55,020**
	47	**168,934**	**1,055**	**3,235**	**2,677**	**175,948**

31 March 2008	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Beyond 5 years HK$'000	Total HK$'000
Finance lease payable	–	35	105	46	–	186
Interest-bearing bank borrowings	–	121,634	–	5,634	3,358	130,626
Trade and other payables	–	3,790	–	–	–	3,790
Due to a director	12,085	–	–	–	–	12,085
	12,085	125,459	105	5,680	3,358	146,687

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

(v) Capital management

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

The Group monitors capital on the basis of the net debt-to-equity ratio. The net debt including interest-bearing bank borrowings, less cash and cash equivalents. The debt-to-equity ratios as at the balance sheet date were as follows:

	2009 **HK$'000**	2008 HK$'000
Interest-bearing bank borrowings	**119,881**	129,643
Less: Cash and cash equivalents	**(164,674)**	(45,340)
Net debt	**(44,793)**	84,303
Total equity	**183,170**	77,526
Debt-to-equity ratio	**N/A**	1.1

34. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 24 July 2009.

Particulars of Investment Properties

31 March 2009

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	Long 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	Medium term lease	100%

Summary of Financial Information

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

RESULTS

	Year ended 31 March 2009 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2007 HK$'000	Year ended 31 March 2006 HK$'000
Revenue	**919,250**	903,560	818,303	740,850
PROFIT BEFORE TAX	**52,081**	116,074	44,145	25,289
Tax	**(2,074)**	(14,215)	(10,075)	(10,008)
Profit for the year	**50,007**	101,859	34,070	15,281

ASSETS, LIABILITIES AND MINORITY INTERESTS

	Year ended 31 March 2009 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2007 HK$'000	Year ended 31 March 2006 HK$'000
Total assets	**398,297**	265,075	400,887	370,957
Total liabilities	**(215,127)**	(187,549)	(356,717)	(339,779)
	183,170	77,526	44,170	31,178

The summary of the consolidated results of the Group for each of the three years ended 31 March 2006, 2007 and 2008 and of the assets, liabilities as at 31 March 2006, 2007 and 2008 have been extracted from the Prospectus. Such 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 year ended 31 March 2009 and the consolidated assets and liabilities of the Group as at 31 March 2009 are those set out in the 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
Mr. Chu Ming Kin
Mr. Chan Yuk Tong
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. Chan Yuk Tong

Compliance Adviser

Taifook Capital Limited

Company Secretary

Mr. Chan Chi Wai, Benny CPA Australia

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

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The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Ltd.
Bank of China Macau Branch
Chiyu Banking Corporation Ltd.
Fortis Bank, 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

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