



**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)



Interim Report  
**2009**



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# 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  
(resigned on 30 September 2009)  
Mr. Shum Shing Kei, HKCPA

## Audit Committee

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

## Remuneration Committee

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

## Nomination Committee

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

## Website Address

[www.asiacassava.com](http://www.asiacassava.com)

## Principal Bankers

The Hong Kong 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  
China Construction Bank Corporation Hong Kong Branch

## Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

## Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wan Chai  
Hong Kong

## Registered Office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Head Office and Principal Place of Business

Unit 612-3 and 617  
Houston Centre  
63 Mody Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

# Management Discussion and Analysis

During the six months ended 30 September 2009 (the “Current Period”), 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\$586.2 million for the Current Period, representing an increase of approximately 55% from approximately HK\$377.9 million for the previous period with approximately 513,000 tonnes of dried cassava chips sold during the Current Period, representing a 128% increase from approximately 225,000 tonnes for the previous period. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips with a persistent increase in its market share for the Current Period. The Group’s sales of dried cassava to the companies in ethanol fuel industry increased from approximately 45,000 tonnes for the previous period to approximately 107,000 tonnes for the Current Period, representing a significant growth of 138%.

The Group’s profit for the Current Period amounted to approximately HK\$34.0 million, representing an increase of more than tenfold over approximately HK\$3.0 million for the previous period.

## Revenue

Revenue of the Group increased by approximately HK\$208.3 million, or approximately 55%, from approximately HK\$377.9 million in the previous period to approximately HK\$586.2 million in the Current Period, mainly due to the net effect of (i) a decrease in average unit selling price of 32% and (ii) an increase in sales volume of 128%.

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

The total quantity of dried cassava chips sold in the Current Period amounted to approximately 513,000 tonnes, representing an increase of approximately 288,000 tonnes, or 128%, when compared with that of approximately 225,000 tonnes for the previous period. 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 Period. The Group’s sales of dried cassava to the companies in ethanol fuel industry increased from approximately 45,000 tonnes for the previous period to approximately 107,000 for the Current Period, representing a significant growth of 138%.

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 Period.

## Gross profit and gross profit margin

Cost of sales of the Group, representing the cost of cassava, increased by approximately HK\$179.2 million, or approximately 60%, from approximately HK\$297.9 million for the previous period to approximately HK\$477.2 million in the Current Period, mainly due to the net effect of (i) an increase in sales volume by approximately 128% and (ii) a decrease in the average unit cost of dried cassava chips by approximately 30% in the Current Period.

Gross profit of the Group increased by approximately HK\$29.1 million, or approximately 36%, from approximately HK\$80.0 million for the previous period to approximately HK\$109.1 million for the Current Period, mainly due to the net effect of (i) an increase in sales volume by approximately 128% and (ii) a decrease in gross profit margin.

Gross profit margin of the Group for the Current Period decreased by 2.6 percentage points to approximately 18.6% from approximately 21.2% for the previous period mainly due to more direct sales made by the Group during the Current Period. The gross profit margin of warehouse sales and direct sales of the Group during the Current Period was 24.1% and 14.6%, respectively, which was remain stable compared with those of previous period.

## Management Discussion and Analysis

### **Fair value gain/(loss) on investment properties and Surplus/(Deficit) on revaluation of own-used properties**

During the Current Period, the local properties market was recovered and the Group had a fair value gain on investment properties of approximately HK\$6.5 million (six months ended 30 September 2008: loss of approximately HK\$8.7 million) and a surplus on revaluation of own-used properties of approximately HK\$1.8 million (six months ended 30 September 2008: deficit of approximately HK\$0.5 million).

### **Selling and distribution costs**

During the Current Period, the selling and distribution expenses of the Group were approximately HK\$60.0 million (2008: approximately HK\$52.2 million), which comprised mainly ocean freight costs of approximately HK\$46.5 million (2008: approximately HK\$41.6 million) and warehouse, handling and inland transportation expenses of approximately HK\$13.5 million (2008: approximately HK\$10.6 million).

The selling and distribution expenses increased by approximately HK\$7.8 million, or approximately 15%, from approximately HK\$52.2 million in the previous period to approximately HK\$60.0 million in the Current Period, mainly due to the net effect of (i) a decrease in the average unit market ocean freight costs and the Group's ability to negotiating for favourable terms and (ii) an increase in sales volume. The average ocean freight costs decreased by approximately 51% from approximately HK\$184.9 per tonne in the previous period to approximately HK\$90.7 per tonne in the Current Period.

The selling and distribution expenses of the Group represented 10.2% of the total sales revenue for the Current Period, representing a significant improvement of 3.6 percentage points from that of 13.8% for the previous period.

### **Administrative expenses**

Administrative expenses of the Group increased by approximately HK\$9.6 million, or approximately 133%, from approximately HK\$7.3 million in the previous period to approximately HK\$16.9 million in the Current Period, mainly due to the increase in salaries and wages as a result of an annual payroll adjustment and increase in administrative costs after listing, together with the exchange loss of approximately HK\$3.0 million during the Current Period (Six months ended 30 September 2008: exchange gain of approximately HK\$2.8 million).

### **Finance costs**

Finance expenses of the Group decreased by 75% from approximately HK\$7.6 million for the previous period to approximately HK\$1.9 million for the Current Period due to the lowering of market interest rates and the reduction of the average bank borrowing balance during the Current Period. During the Current Period, the Group requested customers to issue letters of credit mainly with terms within 0-90 days at sight to the Group (Six months ended 30 September 2008: letters of credit mainly with term mainly within 90-180 days at sight).

### **Taxation**

Taxation of the Group increased by 272% from approximately HK\$1.5 million for the previous period to approximately HK\$5.4 million for the Current Period. The effective tax rate of the Group for the Current Period was 13.7%.

### **Profit attributable to ordinary equity holders of the Company**

The Group's profit attributable to ordinary equity holders of the Company amounted to approximately HK\$34.0 million for the Current Period, representing an increase of more than tenfold over HK\$3.0 million for the previous period.

## Financial resources and liquidity

As at 30 September 2009, the net assets amounted to approximately HK\$204.0 million, representing an increase of approximately HK\$20.8 million from approximately HK\$183.2 million as at 31 March 2009 due to the profit for the Current Period and surplus on revaluation of own-used properties less the payment of final and special dividends for previous year.

The Group's current assets as at 30 September 2009 amounted to approximately HK\$242.3 million (31 March 2009: HK\$351.2 million), including cash and cash equivalents of approximately HK\$68.6 million (31 March 2009: HK\$164.7 million), trade and bills receivables of approximately HK\$0.4 million (31 March 2009: HK\$104.1 million) and inventories of approximately HK\$149.1 million (31 March 2009: HK\$47.6 million). The Group had non-current assets of HK\$57.7 million (31 March 2009: HK\$47.1 million) which are mainly properties located in Hong Kong for office and property investment purposes.

The Group's current liabilities as at 30 September 2009 amounted to approximately HK\$85.6 million (31 March 2009: approximately HK\$206.1 million), which comprised mainly trade and other payables and accruals of approximately HK\$33.2 million (31 March 2009: approximately HK\$77.5 million) and bank borrowings of approximately HK\$33.6 million (31 March 2009: approximately HK\$112.9 million). The Group's non-current liabilities included non-current portion of bank borrowings of approximately HK\$10.3 million (31 March 2009: approximately HK\$9.0 million).

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 13.4%, representing a significant improvement of 16.8 percentage points from 30.2% as at 31 March 2009. The improvement is mainly due to the application of surplus cashflow and portion of IPO proceeds to repay borrowings during the Current Period.

The Group's debtor turnover period is approximately 0.1 days as at 30 September 2009, representing a decrease of approximately 41.3 days from approximately 41.4 days as at 31 March 2009. Such decrease 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.

The Group's inventory turnover period is approximately 37.6 days as at 30 September 2009, representing an increase of approximately 10.8 days from approximately 26.8 days as at 31 March 2009. Such increase is mainly attributable to the Group's strategy to hold additional inventories for fulfilling the orders from customers in coming months before the harvest season commences. Subsequent to the balance sheet date, all those inventories had been fully sold in October and November 2009.

## Employment and remuneration policy

The total staff costs (including directors' remuneration) amounted to approximately HK\$5.5 million for the period. 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 30 September 2009, the Group's land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK\$16,718,000 (31 March 2009: HK\$12,900,000) and HK\$30,355,000 (31 March 2009: 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.

## Management Discussion and Analysis

### Contingent liabilities and capital commitment

As 30 September 2009, the Group did not have any material contingent liabilities and capital commitment.

### Prospect

During the Current Period, the Group commenced to make sales to customers in Guangxi province and in Southwest Region of the PRC. In November 2009, the Group leased a warehouse in Cambodia and commenced to procure dried cassava chips in Cambodia.

Subsequent to the reporting date, on 12 November 2009, the Company completed the share placement of 60,000,000 shares to independent third parties at HK\$1.88 per share. The net proceeds from the share placement were approximately HK\$106.7 million. The Company intends to retain the net proceeds as general working capital of the Group or to explore any possible business opportunities. With this and the proceeds from IPO and the cashflow from operations, the Group has sufficient cash and will speed up the expansion of its operation scale, the development of procurement networks of cassava in Southeast Asian countries including Thailand, Cambodia and Laos in order to increase the supply of cassava, the search for suitable locations to set up warehouses and drying yards, the enhancement of its marketing and brand promotion, thus to strengthen and improve the Group's leading position in the PRC's cassava industry in the PRC and Southeast Asia.

Following the State's implementation of "Settlement with Renminbi ("RMB") in trading with ASEAN countries 東盟國家人民幣貿易結匯", the Group has flexibility in using RMB as transactional currency for procurement of dried cassava chips with suppliers in ASEAN countries, including Thailand, Vietnam, Cambodia and Laos, and for sales to customers in the PRC. In December 2009, the Group was granted an award of "pioneer" from Bank of China (Hong Kong) Limited, honoring our active participation in this aspect.

### 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 30 September 2009, the Company has applied approximately HK\$5.8 million as additional general working capital of the Group.

**Interim dividends and closure of register of members**

The Board declares the payment of an interim dividend of HK\$0.02 per share for the Current Period, which are payable to shareholders whose names appear on the register of members of the Company by 4:30 pm on 6 January 2010, and will be paid on or about 15 January 2010.

The register of members of the Company will be closed from 7 January 2010 to 8 January 2010, both days inclusive, during which period no transfer of shares can be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's 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 pm on 6 January 2010.



# Supplementary Information

## Directors' interests and short positions in shares and underlying shares

At 30 September 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	Directly beneficially owned	97%
	("AR Management") (note (b))	Deemed interest	3%

Notes:

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

Save as disclosed above, as at 30 September 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 Company's annual report for the year ended 31 March 2009. No share options had been granted under the Scheme since the Scheme became effective.

## Substantial shareholders' interests in shares and underlying shares

At 30 September 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 30 September 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.

## 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.

## Competing business

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

## Purchase, redemption or sale of the Company's listed securities

There were no purchases, redemption or sale of the Company's listed securities by the Company or its subsidiaries during the six months ended 30 September 2009.

## Code of conduct regarding securities transactions by directors

During the six months ended 30 September 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 the required standard of dealings and its code of conduct regarding securities transactions by directors.

## Supplementary Information

### 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 six months ended 30 September 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 21 December 2009 to consider and review the interim report and interim financial statements of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the interim report and the interim financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

### Changes in director's information

Changes in the information of the directors of the Company since the date of the Company's 2008/2009 annual report are set out below:

#### Mr. Chan Yuk Tong ("Mr. Chan")

Mr. Chan has been appointed as an independent non-executive director of Ausnutria Dairy Corporation Ltd ("Ausnutria") (Stock Code: 1717) with effect from 19 September 2009. The shares of Ausnutria have been listed on the Stock Exchange since 8 October 2009.

#### Mr. Yue Man Yiu Matthew ("Mr. Yue")

Mr. Yue has been appointed as the Chief Financial Officer of Ko Shi Wai Holdings Limited with effect from 1 September 2009.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2009

	Notes	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
REVENUE	5	586,230	377,919
Cost of sales		(477,173)	(297,933)
Gross profit		109,057	79,986
Other income and gains	5	864	735
Fair value gain/(loss) on investment properties		6,454	(8,749)
Surplus/(deficit) on revaluation of property, plant and equipment		1,847	(459)
Selling and distribution costs		(60,004)	(52,225)
Administrative expenses		(16,927)	(7,278)
Finance costs		(1,887)	(7,551)
PROFIT BEFORE TAX	6	39,404	4,459
Tax	7	(5,417)	(1,456)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		33,987	3,003
Other comprehensive income			
Change in fair value of a building recognised directly in equity		2,074	(2,376)
Deferred tax component of asset revaluation reserve		(341)	495
Exchange differences on translation of foreign operations		141	111
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		35,861	1,233
DIVIDEND			
Interim	8	7,200	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basis (HK cents)		11.3	1.3
Diluted (HK cents)		N/A	N/A



# Condensed Consolidated Statement of Financial Position

30 September 2009

	Notes	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		18,073	13,978
Investment properties		37,794	31,340
Deferred tax assets		1,822	1,822
Total non-current assets		57,689	47,140
<b>CURRENT ASSETS</b>			
Inventories		149,085	47,632
Trade and bills receivables	10	437	104,140
Prepayments, deposits and other receivables		24,100	34,711
Cash and cash equivalents		68,634	164,674
Total current assets		242,256	351,157
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	11	33,176	77,481
Interest-bearing bank borrowings		33,630	112,914
Finance lease payable		–	47
Tax payable		18,805	15,661
Total current liabilities		85,611	206,103
<b>NET CURRENT ASSETS</b>		<b>156,645</b>	<b>145,054</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>214,334</b>	<b>192,194</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		6,534	6,967
Deferred tax liabilities		3,769	2,057
Total non-current liabilities		10,303	9,024
<b>Net assets</b>		<b>204,031</b>	<b>183,170</b>
<b>EQUITY</b>			
Equity attributable to equity holders of the Company			
Issued capital		30,000	30,000
Reserves		166,831	138,170
Proposed dividends		7,200	15,000
Total equity		204,031	183,170

# Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2009

	Attributable to equity holders of the Company									
	Issued capital HK\$'000 (Unaudited)	Share premium* HK\$'000 (Unaudited)	Contributed surplus* HK\$'000 (Unaudited)	Merger reserve* HK\$'000 (Unaudited) (note (i))	Legal reserve* HK\$'000 (Unaudited) (note (ii))	Asset revaluation reserve* HK\$'000 (Unaudited)	Exchange fluctuation reserve* HK\$'000 (Unaudited)	Retained profits* HK\$'000 (Unaudited)	Proposed dividend HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 April 2009	30,000	39,234	8,229	(9,773)	46	4,452	1,410	94,572	15,000	183,170
Exchange differences on translation of foreign operations	-	-	-	-	-	-	141	-	-	141
Change in fair value of a building recognised directly in equity	-	-	-	-	-	2,074	-	-	-	2,074
Deferred tax component of asset revaluation reserve	-	-	-	-	-	(341)	-	-	-	(341)
Total income and expenses directly recognised in equity	-	-	-	-	-	1,733	141	-	-	1,874
Profit for the period	-	-	-	-	-	-	-	33,987	-	33,987
Total income and expense for the period	-	-	-	-	-	1,733	141	33,987	-	35,861
2009 final dividend paid	-	-	-	-	-	-	-	-	(6,000)	(6,000)
2009 special dividend paid	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Proposed 2010 interim dividend	-	-	-	-	-	-	-	(7,200)	7,200	-
At 30 September 2009	30,000	39,234	8,229	(9,773)	46	6,185	1,551	121,359	7,200	204,031

# Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2009

	Attributable to equity holders of the Company									
	Issued capital HK\$'000 (Unaudited)	Share premium* HK\$'000 (Unaudited)	Contributed surplus* HK\$'000 (Unaudited)	Merger reserve* HK\$'000 (Unaudited) (note (i))	Legal reserve* HK\$'000 (Unaudited) (note (ii))	Asset revaluation reserve* HK\$'000 (Unaudited)	Exchange fluctuation reserve* HK\$'000 (Unaudited)	Retained profits* HK\$'000 (Unaudited)	Proposed dividend HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 April 2008	-	-	18,229	(9,773)	46	8,243	1,216	59,565	-	77,526
Exchange differences on translation of foreign operations	-	-	-	-	-	-	111	-	-	111
Change in fair value of a building recognised directly in equity	-	-	-	-	-	(2,376)	-	-	-	(2,376)
Deferred tax component of asset revaluation reserve	-	-	-	-	-	495	-	-	-	495
Total income and expense directly recognised in equity	-	-	-	-	-	(1,881)	111	-	-	(1,770)
Profit for the period	-	-	-	-	-	-	-	3,003	-	3,003
Total income and expense for the period	-	-	-	-	-	(1,881)	111	3,003	-	1,233
At 30 September 2008	-	-	18,229	(9,773)	46	6,362	1,327	62,568	-	78,759

## 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 reserve of HK\$166,831,000 as at 30 September 2009 in the condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

Six months ended 30 September 2009

	<b>2009</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2008 HK\$'000 (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<b>(15,611)</b>	20,955
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<b>(524)</b>	(46)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<b>(79,764)</b>	(37,295)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(95,899)</b>	(16,386)
Cash and cash equivalents at beginning of period	<b>164,674</b>	45,340
Effect of foreign exchange rate changes, net	<b>(141)</b>	156
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>68,634</b>	29,110
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>58,634</b>	9,110
Non-pledged time deposits with original maturity of less than three months when acquired	<b>10,000</b>	20,000
	<b>68,634</b>	29,110



# Notes to Financial Statement

30 September 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.

During the period, the principal activities of the Company and its subsidiaries (collectively the "Group") are the procurement of dried cassava chips in Southeast Asian countries and the sales of dried cassava chips in Mainland China.

## 2. Accounting Policies and Basis of Preparation

The interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 March 2009, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretation) for the first time in the current period as disclosed in note 3 below.

## 3. Impact of New and Revised HKFRSs

The following new and revised HKFRSs are adopted for the first time for the current period's interim condensed consolidated 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
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
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
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
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

### 3. Impact of New and Revised HKFRSs *(Continued)*

Apart from the above, the HKICPA has issued Improvements to HKFRSs\* which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording for annual periods beginning on or after 1 January 2009.

\* Improvements to HKFRSs contains amendments to HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, 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 and HKAS 41.

The principal effects of adopting these new and revised HKFRSs are as follows:

#### (a) HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group adopted HKAS 1 (Revised) from 1 January 2009. The adoption of the revised standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain presentational changes in the presentation and disclosures of financial statements

#### (b) HKFRS 8 "Operating Segments"

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 "Segment Reporting", and disclosure about each of these segments are shown in note 4.

### 4. Segment Information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. The Group has identified two reportable segments for the purposes of resource allocation and performance assessment. Summary details of the reportable segments are as follows:

- (a) the property investment segment invests in office 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.

Management monitors the operating results of its operating segments separately for the purposes of making decision about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss in the condensed consolidated financial statements. Group financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

# Notes to Financial Statement

30 September 2009

## 4. Segment Information *(Continued)*

The following tables present revenue, profit/(loss) for the Group's operating segments for six months ended 30 September 2009 and 2008.

	Property investment HK\$'000 (Unaudited)	Sale of dried cassava chips HK\$'000 (Unaudited)	Combined HK\$'000 (Unaudited)
<b>Six months ended 30 September 2009</b>			
<b>Segment revenue:</b>			
Sales to external customers	–	586,230	586,230
Gross rental income	603	–	603
Total	603	586,230	586,833
<b>Segment results</b>	<b>7,057</b>	<b>49,053</b>	<b>56,110</b>
Interest and unallocated gains			261
Corporate and other unallocated expenses			(15,080)
Finance costs			(1,887)
Profit before tax			39,404
Tax			(5,417)
Profit for the period			33,987
<b>Other segment information:</b>			
Depreciation and amortisation	–	136	136
Corporate and other unallocated amounts			166
			302
Capital expenditure	–	33	33
Corporate and other unallocated amounts			491
			524
Fair value gain on investment properties	6,454	–	6,454
Surplus of revaluation of property, plant and equipment	1,847	–	1,847

#### 4. Segment Information *(Continued)*

	Property investment HK\$'000 (Unaudited)	Sale of dried cassava chips HK\$'000 (Unaudited)	Combined HK\$'000 (Unaudited)
<b>Six months ended 30 September 2008</b>			
<b>Segment revenue:</b>			
Sales to external customers	–	377,919	377,919
Gross rental income	656	–	656
Total	656	377,919	378,575
<b>Segment results</b>	<b>(8,093)</b>	<b>27,761</b>	<b>19,668</b>
Interest and unallocated gains			79
Corporate and other unallocated expenses			(7,737)
Finance costs			(7,551)
Profit before tax			4,459
Tax			(1,456)
Profit for the period			3,003
<b>Other segment information:</b>			
Depreciation and amortisation	–	188	188
Corporate and other unallocated amounts			100
			288
Capital expenditure	–	46	46
Corporate and other unallocated amounts			–
			46
Fair value loss on investment properties	(8,749)	–	(8,749)
Deficit on revaluation of property, plant and equipment	(459)	–	(459)



# Notes to Financial Statement

30 September 2009

## 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:

	Six months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
<b>Other income</b>		
Bank interest income	2	4
Gross rental income	603	656
Others	259	75
	<b>864</b>	735

## 6. Profit Before Tax

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

	Six months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Cost of inventories sold	477,173	297,933
Depreciation	302	288
Employee benefit expenses (including directors' remuneration:		
Wages and salaries	5,350	4,250
Pension scheme contributions	112	127
	<b>5,462</b>	4,377
Gross rental income	<b>(603)</b>	(656)
Less: Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	10	34
Net rental income	<b>(593)</b>	(622)
Minimum lease payments under operating leases in respect of storage facilities and office premises	1,198	1,319
Contingent rent under operating leases in respect of storage facilities	78	314

## 7. 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 period. 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.

	Six months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Current – Hong Kong	3,209	109
Current – Elsewhere	838	–
Deferred	1,370	1,347
Total tax charge for the period	5,417	1,456

## 8. Dividend

	Six months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Proposed interim – HK2 cents (2008: Nil) per share	7,200	–

## 9. 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 six month ended 30 September 2009 attributable to ordinary equity holders of the Company of HK\$33,987,000 (2008: HK\$3,003,000), and the weighted average number of 300,000,000 (2008: 225,000,000) ordinary shares in issue during the period.

The weighted average number of shares used to calculate the basic earnings per share for six months ended 30 September 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;
- (ii) the 99,999,999 shares issued as consideration for the acquisition of a subsidiary pursuant to the group reorganisation on 18 February 2009; and
- (iii) the capitalisation issue of 125,000,000 shares.

A diluted earnings per share amounts for six months ended 30 September 2009 and 2008 have not been disclosed as no diluting events existed during these periods.

# Notes to Financial Statement

30 September 2009

## 10. Trade and Bills Receivables

It is the Group's policy that all customers who wish to trade with the Group to provide the Group with irrecoverable letters of credit issued by reputable banks, with term mainly within 0 days to 90 days at sight, or by cash on delivery (31 March 2009: mainly with term within 90 to 180 days). 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 portfolio of diversified customers, there is no significant concentration of credit risk.

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

	<b>30 September 2009 HK\$'000 (Unaudited)</b>	31 March 2009 HK\$'000 (Audited)
Within 30 days	<b>437</b>	103,961
30 – 60 days	–	179
	<b>437</b>	104,140

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

## 11. Trade and Other Payables and Accruals

	<b>30 September 2009 HK\$'000 (Unaudited)</b>	31 March 2009 HK\$'000 (Audited)
Trade and other payables	<b>27,569</b>	55,020
Accrued liabilities	<b>5,294</b>	22,116
Rental deposits received	<b>313</b>	345
	<b>33,176</b>	77,481

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

## 12. Operating Lease Arrangements

### (a) As lessor

The Group leases its investment properties 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 30 September 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September 2009 HK\$'000 (Unaudited)</b>	31 March 2009 HK\$'000 (Audited)
Within one year	<b>1,228</b>	918
In the second to fifth years, inclusive	<b>568</b>	680
	<b>1,796</b>	1,598

### (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 30 September 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2009 HK\$'000 (Unaudited)</b>	31 March 2009 HK\$'000 (Audited)
Within one year	<b>2,567</b>	2,677
In the second to fifth years, inclusive	<b>1,187</b>	2,388
	<b>3,754</b>	5,065

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.

## 13. Commitments

At the balance sheet date, the Group had no significant commitments.

# Notes to Financial Statement

30 September 2009

## 14. Related Party Transactions

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

	Notes	Six months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Rental income received from a related company*	(i)	112	112
Rental expenses paid to related companies*	(ii)	284	284
Rental expenses paid to a director	(ii)	68	68

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

Notes:

- (i) The rental income received was charged based on prevailing market rent.  
(ii) The rental expenses were determined based on prevailing market rent.

## 15. Events After the Statement of Financial Position Date

Subsequent to the balance sheet date, pursuant to the placing agreement dated 31 October 2009 entered into among Art Rich Management Limited as the controlling shareholder of the Company ("Art Rich"), the Company and the placing agent, the placing agent placed 60,000,000 ordinary shares in the Company (the "Shares") held by Art Rich to independent third parties at HK\$1.88 per share.

Under the subscription agreement dated 31 October 2009 entered into between Art Rich and the Company, Art Rich subscribed for 60,000,000 ordinary shares at HK\$1.88 per share.

The gross proceeds and net proceeds from the subscription are estimated to be approximately HK\$112.8 million and HK\$106.7 million, respectively. The Company intends to retain the net proceeds as general working capital of the Group or to explore any possible business opportunities.

## 16. Approval of the Financial Statements

These condensed financial statements were approved and authorised for issue by the board of directors on 22 December 2009.