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OVERVIEW

The Group was the largest exporter of dried cassava chips in Thailand and the largest supplier of dried cassava chips imported from Thailand to the PRC from 2003 to 2007 by export volume based on the annual reports of TTTA. The Group's products can be used for the production of ethanol fuel; however, the majority of the Group's products were not used for the production of new energy during the Track Record Period and the Group does not possess any proprietary technology in new energy development.

Based on the information from the FAO, Thailand had been the largest exporting country of dried cassava between 1970 and 2005, with a contribution to the total world exports of over 60% every year in the period. China had been the largest importing country of dried cassava in the world between 2001 and 2005. The contribution of the China import to the total world imports increased from approximately 5% in 2000 to approximately 81% in 2005. Between 2002 and 2005, the bilateral trade of dried cassava from Thailand to China had been the largest bilateral trade of dried cassava in the world. In 2005, Thailand export of dried cassava to China contributed a dominating 70% of the total exports in the world. Based on the information from the TTTA annual reports, Thailand's exports of cassava chips to China in 2006 were approximately 3.96 million tonnes, which increased by approximately 43% from approximately 2.77 million tonnes in 2005. However, the export of cassava chips and pellets to China reduced to 3.22 million tonnes in 2007, representing a decrease of approximately 19% as compared with that in the previous year. Based on the information from the TTTA Newsletters between January and December 2008, Thailand's exports of cassava chips to China for this period were approximately 1.05 million tonnes.

Cassava is a starchy multi-purpose tropical crop. In China, dried cassava is used among other industrial applications as raw material for the production of consumable alcohol and emerging non-grain feedstock of ethanol fuel, which is a form of renewable energy to substitute petroleum (gasoline).

According to the recent policies 《國家發展改革委關於加強玉米加工項目建設管理的緊急通知》 (Urgent Circular on Strengthening Management of Corn Processing Projects by the National Development and Reform Commission), the Renewable Energy Plan, 《關於促進玉米深加工業健康發展的指導意見》 (Guided Opinion on Facilitation of the Healthy Development of Corn Refined Processing Industry) and 《可再生能源發展“十一五”規劃》 (Development Plan for Renewable Energy in the 11th Five-Year Plan), announced by the NDRC in December 2006, August 2007, September 2007 and March 2008, respectively, the PRC government will encourage the production and consumption of ethanol fuel to substitute petrol. However, the PRC government has set out non-competition for grain with people and non-competition for harvest land with grain (“不與民爭糧，不與糧爭地”) as the principles for the development of bio-fuels and corn will be used with priority for, among others, animal feeds and food. The current emphasis of the PRC government is to develop ethanol fuel technologies that apply non-grain feedstock, such as cassava, as raw materials for production of ethanol fuel. As a matter of national direction, the production capacity of ethanol fuel projects with grain feedstock, such as maize, as raw material will not be increased in the PRC. Cassava is a type of tuberous plant and is used in the production of ethanol fuel. According to the Renewable Energy Plan, the targets are to

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increase the production of ethanol fuel by non-grain feedstock to 2 million tonnes by 2010 and to 10 million tonnes by 2020. These will be equivalent to a substitute of 10 million tonnes of petroleum by 2020.

The Group sources dried cassava chips from Southeast Asia (principally Thailand), stores dried cassava chips in the warehouse facilities, organises shipping and delivery logistics and supplies its products mainly under the "Artwell" brand to its customers in the PRC. The cassava supply network in Thailand involves not only cassava growers but also processors and cassava traders. The Group has established its cassava procurement business in Thailand since 2001 and has maintained business relationships with over 200 cassava growers, processors and traders in Southeast Asia.

To facilitate the procurement and export of dried cassava chips business in Thailand, Alush Thailand was established in 2001. The beneficial interests in and the effective control over the equity interest in Alush Thailand since its incorporation in 2001 and prior to the acquisition of 100% interests in Alush Thailand by the Group are structured under the Alush Arrangements.

Pursuant to the Reorganisation, the Group acquired the entire issued share capital of Alush Thailand in March 2008 and the Alush Arrangements ceased to have any effect. Further particulars of the Alush Arrangements are set out in the paragraph headed "Thai Arrangements" under the section headed "History and development" of this document.

With a view to broadening the sources of the dried cassava chips in Thailand, Mr. Chu's beneficial interests in and effective control over approximately 99.95% of the shareholdings in Global Property were structured through the GP Arrangements in November 2007.

Pursuant to the Reorganisation, the Group acquired 100% effective control of Global Property in March 2008, among which (i) as to 49% by acquisition of the 48.95% of the issued shares registered under Mr. Su's name and the 0.05% of the issued shares from five Thai national individuals, all being Independent Third Parties; and (ii) as to the remaining 51% control effected through Aja-Art Rich Arrangements.

Upon completion of the Reorganisation, the GP Arrangements ceased to have any effect. Details of the acquisition and the Aja-Art Rich Arrangements are set out in the paragraph headed "Thai Arrangements" under the section headed "History and development" of this document.

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According to the Company's Thai legal advisers, under the Foreign Business Act, a Thai national company, i.e. more than 50% of issued shares of the company are held by Thai national, is entitled to engage in all kinds of businesses in Thailand, including owning land and other properties. Under the Land Code of Thailand, a foreign company, as defined in such code being a company having more than 49% of issued shares held by non-Thai national or a company with more foreign shareholders than Thai national shareholders, hence each of Alush Thailand and Global Property would be regarded as a foreign company under such code, may own land in Thailand, if it has obtained an investment promotion status from the Office of the Board of Investment, or has located its businesses in any industrial estate under the supervision of the Industrial Estate Authority of Thailand, or has engaged in specific business in connection with which the specific laws allows such foreign company to own land, i.e. petroleum concession business. To allow the Group to have flexibility to engage in (though the Group presently does not have any plan or intention to do so) businesses which foreign companies in Thailand are prohibited or restricted to engaged in, the Directors decide to keep Global Property a Thai national company through the Aja-Art Rich Arrangements and therefore, the Aja-Art Rich Arrangements will continue after the Listing.

The Group implements a "365-day open door policy" for purchases of dried cassava chips with payment within the next two business days as long as the product quality fulfils the Group's requirements. This is seen as a major barrier for new entrants as making such a commitment not only requires adequate working capital but also the necessary infrastructure, such as the warehousing and port-loading facilities, and an established sales network.

In addition to the sourcing of dried cassava chips, the Group also sources fresh cassava roots from growers. Processing and drying of fresh cassava roots into dried cassava chips are currently carried out by a processor, an Independent Third Party, engaged exclusively by the Group for a term of 30 years commencing from 16 January 2007 in a drying yard in Khlong Lan, Thailand, with a site area of approximately 79,816m² as stated on the document issued by the Local Administrator of Tumbol Klong Naam-lai.

The dried cassava chips sourced and processed by the Group are usually stored in the Group's warehouses located in Bangsai, Sriracha and Bangpakong in Thailand before shipment. The Group's storage facilities are conveniently located in the vicinity of the port facilities where export of dried cassava chips can be easily handled. The Group's warehouse facilities in Bangsai, Ayutthaya, Thailand, have a gross floor area of approximately 5,217m² and can store up to [18,000] tonnes of dried cassava chips. The Group also has the first right of renting other warehouses within the same location (subject to the first right to rent by the lessor and its affiliated companies), which altogether has a gross floor area of approximately 16,940m² and can store up to [67,000] tonnes of dried cassava chips. The warehouses are strategically located near Chao Phaya River.

The Group's warehouse facilities in Sriracha, Chonburi, Thailand can store up to [80,000] tonnes of dried cassava chips and have a gross floor area of approximately 10,300m². The facilities in Sriracha are equipped with a conveyor belt which may link directly between the warehouses and dry bulk vessels, which, to the best knowledge of the

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Directors, is known to be the only conveyor belt in Thailand for loading dried cassava chips to ocean vessels. Once a vessel is docked by the end of the 3 kilometres long conveyor belt, dried cassava chips can be loaded directly from the warehouses to the vessel. The conveyor belt loading can be carried out simultaneously with the loading from lighters. This loading method shortens the lead time for cargo-readiness and is regarded by the Directors as time-efficient and cost-effective for loading dried cassava chips onto dry bulk vessels.

The Group's warehouse facilities in Bangpakong, Thailand with a gross floor area of approximately [2,640]m² allow the Group to store up to [7,500] tonnes of dried cassava chips. Bangpakong is located to the north of Sriracha and is near the Bangpakong River.

Since it is impracticable for large dry bulk vessels to travel along Chao Phaya River, lighters are commonly used for transporting large quantities of dried cassava chips directly from the warehouse to the dry bulk vessels. The vicinity of its warehouses to the port facilities allows the Group to shorten the lead time for cargo readiness of its products. For example, it would take about three days for the Group to deliver up to about 40,000 tonnes of dried cassava chips from its various warehouses to a dry bulk vessels berthed at the port near Sriracha and to load the lighters with dried cassava chips from all the Group's warehouses where the lighters would transport the goods to the ports and load the goods onto the dry bulk vessel. This flexibility in logistics allows the Group to negotiate favourable shipping rates with vessel operators as it reduces the number of days at dock.

Efficient logistics is crucial to the supply chain of the Group. The Group transports its products primarily by dry bulk vessels. The Group has maintained business relationships with over [80] dry bulk vessel operators with capacities ranging from approximately 5,000 tonnes to 50,000 tonnes. These dry bulk vessel operators usually enter into voyage charters with the Group. Since the Group has an established sales network in the PRC, the Group has flexible shipping arrangements in terms of volume shipped. The Group is able to match its orders on hand with the individual capacity of the dry bulk vessels.

Since according to 《可再生能源中長期發展規劃》(The Mid and Long-Term Development Plan For Renewable Energy) as announced by the NDRC, the production capacity of ethanol fuel projects with grain feedstock as raw material will not be increased in the PRC, the Directors believe that the recent emphasis on the use of non-grain feedstock such as cassava for the production of ethanol fuel will in the long run lead to an increase in the demand for imported dried cassava chips in the PRC. The Group's average selling price of dried cassava chips in the PRC has increased from approximately US\$[125.18] (equivalent to approximately HK\$980) per tonne to US\$[216.15] (equivalent to approximately HK\$1,690) per tonne with a CAGR of approximately [17.33]% during the Track Record Period, [though seeing a downward trend recently]. The Group had maintained a leading position as the largest exporter of dried cassava chips in Thailand and the largest supplier of dried cassava chips imported from Thailand to the PRC from 2003 to 2007 by export volume based on the annual reports of TTTA.

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The customers of the Group include trading companies, manufacturers of consumable ethanol, ethanol fuel and chemical industries. Some of the Group's customers have had business relationships with the Group for over [five] years. The top five largest customers of the Group for the Track Record Period have maintained business relationship with the Group for a range of two to seven years. The Group has maintained business relationship with Henan Tianguan since 2001, a subsidiary of which is an authorised ethanol fuel producer in the PRC. The Group had supplied cassava chips to Henan Tianguan in calendar years of 2001, 2002, 2003, 2004, 2007 and 2008. However, the Group did not record any sales to Henan Tianguan in its financial statements for each of the two financial years ended 31 March 2007 because Henan Tianguan was able to use raw materials of old grain (陳化糧) in the PRC auctioned by the PRC government for the production of ethanol fuel by its subsidiary during the period. Henan Tianguan was one of the top five customers of the Group for the financial year ended 31 March 2008 and was the seventh largest customer of the Group for the five months ended 31 August 2008. In view of the Renewable Energy Plan and the anticipated demand for ethanol fuel in the PRC, the Directors are of the view that the Group is in a position to tap into these market opportunities.

The Group has five offices or liaison centres in various cities in the PRC, namely Rizhao, Qingdao, Jinan, Lianyungang and Shenzhen. In order to serve its customers in the eastern and north-eastern China, the Group ships its dried cassava chips from Thailand to ports in China which are equipped with the unloading of bulk goods, such as dried cassava chips, namely Rizhao, Lianyungang and Lanshan.

The Group's net profit had grown significantly during the three financial years ended 31 March 2008 and its revenues for the three financial years ended 31 March 2008 grew at CAGR of approximately [10.4]% from approximately HK\$[740.9] million for the financial year ended 31 March 2006 to approximately HK\$[903.6] million for the financial year ended 31 March 2008. The net profit for each of the three financial years ended 31 March 2008 were approximately HK\$[15.3] million, approximately HK\$[34.1] million, approximately HK\$[101.9] million respectively.

Revenue of the Group increased by approximately HK\$[60.8] million, or approximately [22.2]%, from approximately HK\$[273.7] million for the five months ended 31 August 2007 to approximately HK\$[334.5] million for the five months ended 31 August 2008. Profit of the Group decreased by approximately HK\$[22.9] million, from approximately HK\$[27.7] million in the five months ended 31 August 2007 to approximately HK\$[4.8] million in the five months ended 31 August 2008. The decline was mainly attributable to (i) losses of non-cassava nature for the five months ended 31 August 2008, including in particular the fair value loss on investment properties in Hong Kong of approximately HK\$8.7 million, deficit on revaluation of property, plant and equipment of approximately HK\$[0.5] million for the five months ended 31 August 2008 due to general decline in the property market in Hong Kong; (ii) gain on disposal of available-for-sale investment of approximately HK\$[16.2] million for the five months ended 31 August 2007; and (iii) the tax effect of items (i) and (ii) above.

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COMPETITIVE STRENGTHS

The Directors believe the Group's success can be attributed to the following key strengths:

Extensive procurement network and stable supply

The Group sources its products from an extensive network of over [200] growers, processors and cassava traders mainly in Thailand. The Group has business relationships of over [five] years with its key suppliers. The Group has a long-term supply contract for a term of four years commencing from April 2007 with its largest supplier, pursuant to which the largest supplier agreed to supply a minimum quantity of 100,000 tonnes of dried cassava chips for each of the four years ending 31 March 2011 respectively. The Group has also entered into an exclusive long-term supply contract for a term of over five years with a supplier in Laos, pursuant to which the supplier agreed to supply to the Group, and the Group agreed to purchase from the supplier a minimum quantity of 100,000, 120,000, 150,000, 200,000 and 250,000 tonnes of dried cassava chips for each of the five years ending 31 December 2013. Such an extensive procurement network and the above mentioned long-term supply contracts ensure the Group's access to a steady supply of cassava chips. [The Group has not commenced purchases from this cassava supplier in Laos as at the Latest Practicable Date.]

Strategic location of storage facilities in Thailand

The Group's storage facilities in Bangsai, Sriracha and Bangpakong are conveniently located in the vicinity of the port facilities where export of dried cassava chips can be easily handled. Details of the leases entered into by the Group in respect of these facilities are more particularly referred to in the paragraph headed "Transportation and logistics" in the section headed "Business" in this document. The Group has occupied these storage facilities in Bangsai, Sriracha and Bangpakong since 2001, 2003 and 2007 respectively. Further, the Group has access to ports, loading facilities and equipments, including the conveyor belt in Sriracha which facilitates the loading of large quantity of about 7,600 tonnes cassava chips per day directly onto the dry bulk vessels. The vicinity of its warehouses to the port facilities allows the Group to shorten the lead time for cargo readiness of its products. For example, it would take about three days for the Group to deliver up to about 40,000 tonnes of dried cassava chips from its various warehouses to a dry bulk vessel berthed at the port near Sriracha and to load the lighters with dried cassava chips from all the Group's warehouses where the lighters would transport the goods to the ports and load the goods onto the dry bulk vessel. This reduces the number of days at dock of the dry bulk vessels, and provides the Group with flexibility to negotiate for a preferential shipping rate.

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Established customer base

The Group has established business relationships with its top five largest customers for the three years and five months ended 31 August 2008 from two to seven years. The Group has established business relationship with Henan Tianguan, an Independent Third Party and one of the five largest customers of the Group in the financial year ended 31 March 2008 and was the seventh largest customer of the Group for the five months ended 31 August 2008. A subsidiary of Henan Tianguan is one of the [four] authorised ethanol fuel producers in the PRC. The Group also has established a distribution network in the PRC with a customer base of over 40 in the PRC, including trading companies, manufacturers of consumable ethanol, ethanol fuel and chemical products. The Group believes that its ability to maintain a diversified customer base is mainly attributable to the quality of its products, its market position, and its professional management.

Effective supply chain

The Group has an experienced logistics management team and the majority of the team members have over 10 years of relevant experience. The Group has built up business relationships with over [80] dry bulk vessel operators. Given that the Group was the largest exporter of dried cassava chips in Thailand from 2003 to 2007 based on the annual reports of the TTTA, its network of vessels operators provided the Group with the flexibility to select vessels having capacities ranging from [5,000] tonnes to [50,000] tonnes to meet the delivery requirements of its clients.

Progression into upstream supply chain

The Group started to source fresh cassava roots in January 2008, subsequent to its gain of effective control over Global Property through the GP Arrangements in November 2007. These fresh cassava roots are supplied to a processor engaged by the Group for a term of 30 years commencing from 16 January 2007 for processing and drying. Processed dried cassava chips are stored in the Group's warehouses. The Group believes its progression into upstream supply chain that combines cassava chips and roots sourcing, processing and delivery logistics in one single operational platform will enhance its operating efficiencies.

Quality control and well-recognised brand name

The Group's quality control of its product has earned recognition among its customers. The "Artwell" brand dried cassava chips sold by the Group generally contains a starch content of [67]% or above, which is higher than the Standard of Cassava Product of [65%] issued by the Ministry of Commerce of Thailand.

Apart from its in-house quality control laboratory for monitoring the quality of its cassava chips, the Group and its customers also hire independent surveyors to examine the quality of dried cassava chips and issue certificate of quality. The Group believes that its quality control measures would enable the Group to expand its sales network further.

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Experienced and dedicated management team

The long-term commitment of the Group's senior management and operating team to its business has helped them obtain in-depth knowledge of the relevant industries and enabled them to respond to various challenges in the ever-changing market. The Group's senior management team built up its corporate culture to emphasise high quality and positioned themselves as a provider of high quality dried cassava chips.

Bargaining Leverage

The Group was the largest exporter of dried cassava chips in Thailand and the largest supplier of dried cassava chips imported from Thailand to the PRC from 2003 to 2007 based on the annual reports of TTTA. The Group's dominant position in the Thai market gives it leverage in setting the pricing of dried cassava chips that it sources in Thailand.

FUTURE PLANS AND PROSPECTS

There is a range of applications with the use of dried cassava chips in the PRC, such as consumable ethanol, chemical products, animal feeds and, in particular, ethanol fuel. Since according to the Renewable Energy Plan, the production capacity of ethanol fuel projects using grain feedstock as raw material will not be increased in the PRC, the Directors believe that the recent emphasis on the use of non-grain feedstock such as cassava for the production of ethanol fuel will lead to increase in the demand for imported dried cassava chips in the PRC. According to the Renewable Energy Plan, the targets are to increase the production of ethanol fuel by non-grain feedstock to 2 million tonnes by 2010 and to 10 million tonnes by 2020. The Directors are optimistic about the future market demand for dried cassava chips in the PRC. At present, the Group mainly sources its dried cassava chips from Thailand and intends to expand its procurement network in Thailand as well as other countries in Southeast Asia. The Directors intends to enhance the Group's upstream business operations by expanding its processing and storage capability. The Group also intends to expand its sales network in the PRC.

In order to achieve its business objective, the Group will dedicate more resources to strengthen its processing operation, procurement network and expand its sales network in the PRC. In view of the above, the Group has formulated a series of development plans as set out below.

Expansion of warehousing facilities and drying yards in Thailand

At present, the Group's principal procurement network is located in Thailand. The Group intends to further enhance and expand its procurement network geographically in Thailand. The Group currently has leased warehouses in Bangsai, Sriracha and Bangpakong, Thailand. It has entered into long-term processing arrangement with a drying yard operator in Thailand. The Group intends to expand its upstream operations by establishing additional warehousing facilities (including the necessary purchase of machinery, scale and setting up laboratory and offices). It also intends to acquire or lease drying yards in non-forestry area where ownership of land is permitted (including the necessary construction work, purchase of trucks and setting up offices) for processing

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fresh cassava roots into dried cassava chips in Thailand. The Group expects that the geographical expansion of storage facilities will be able to cope with the increase in purchase of both fresh cassava roots and dried cassava chips not only from its existing procurement network but also from new sources of cassava supplies in Thailand. The Group also expects that the acquisition or leasing of drying yard will enhance the Group's upstream operation of processing fresh cassava roots. The Directors believe that such expansion could enhance the Group's overall procurement capabilities in Thailand.

Depending on market opportunities, the Group intends to lease warehousing facilities and/or acquire or lease drying yards that will enable the Group to strengthen its competitiveness in the cassava industry. In respect of the intended acquisition of land, the Group will undergo all the necessary approval procedures in Thailand. In the event that the Group fails to acquire land in Thailand, the Group considers to lease land for the same purpose. As at the Latest Practicable Date, the Group had not entered into any letter of intent or agreement for such leasing or acquisition nor identified any definite target for expansion purpose. The Group will make proper disclosure and/or obtain proper approval in compliance with the Listing Rules whenever the relevant opportunity crystallises.

Expansion of procurement networks and logistics in Southeast Asia

According to the Cassava Market Report, in 2007, Thailand was the largest source of import of dried cassava in China, accounting for approximately 69.3% of the total quantity of dried cassava imported into China. Vietnam was the second largest source of import accounting for approximately 27.6% of total quantity of dried cassava imported into China. In order to cater for the expected increase in demand for dried cassava chips in the PRC in the long run, the Group intends to develop a well-established procurement network and efficient logistics arrangements. The Group intends to expand its procurement network beyond Thailand in Southeast Asia, including but not limited to Cambodia and Laos. In respect of logistics arrangement, the Group intends to lease additional storage facilities in different locations and set up transportation fleet to expand its procurement networks. Currently, the Group's suppliers directly transport the dried cassava chips to the Group's warehousing facilities. After setting up its own transportation fleet, the Group will be able to further improve its logistics efficiency.

Strategic development of sales network and coverage

Currently, most of the Group's customers are in the mid-eastern part of China. An extensive sales network is very important for the Group's business. In view of this, the Group intends to expand its sales network by establishing offices, storage facilities and increasing promotion and marketing of "Artwell" brand dried cassava chips in the southern, central and south western regions in the PRC by setting up offices in, but not limited to, Guangxi and other nearby provinces.

The Group has leased an office in Shenzhen. The Group intends to expand its sales network in the nearby regions by setting up more offices in the southern part of China. There are ports in southern China which can handle dry bulk cargoes. Shipping directly to these ports in China could meet the customers' urgent demand and save time and costs on transportation for customers in the region.

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The Group has not commenced domestic wholesale distribution of dried cassava chips in the PRC. The storage facilities would enable the Group to expand into domestic wholesale distribution business in the PRC and to reach customers whose business locations are away from the seaports or the coastal area in the PRC. The Group also intends to develop and enhance its existing sales network in the north-eastern region (including its offices in Qingdao, Jinan, Rizhao and Lianyungang) in the PRC through promotion and marketing activities on its "Artwell" brand. The Group also intends to set up offices in Zhenjiang and Taizhou.

Increase in working capital

Under the existing inventory purchase model, as the Group implements a "365-day open door policy" for purchase of dried cassava chips with payment generally within the next two business days, the Group's business operations require sufficient level of working capital. In view of the Group's expansion in its procurement capabilities, it is expected that the Group will increase its procurement quantities and further working capital is required to complement the Group's expansion and maintain its business operations.

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TRADING RECORD

The following table is a summary of the combined results of the Group for each of the three financial years ended 31 March 2008 and five months ended 31 August 2008, prepared on the basis that the current structure of the Group was in existence throughout the period under review. The summary should be read in conjunction with the accountants' report set out in Appendix I to this document.

	Year ended 31 March			Five months ended 31 August	
	2006	2007	2008	2007	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)				
REVENUE	[740,850]	[818,303]	[903,560]	[273,724]	[334,507]
Cost of sales	[(573,484)]	[(619,839)]	[(665,159)]	[(205,971)]	[(260,442)]
Gross profit	[167,366]	[198,464]	[238,401]	[67,753]	[74,065]
Other income and gains	[3,063]	[10,907]	[25,109]	[19,770]	[716]
Fair value gain/(loss) on investment properties	[1,060]	[3,351]	[9,070]	[600]	[(8,749)]
Deficit on revaluation of property, plant and equipment	-	-	-	-	[(459)]
Selling and distribution costs	[(118,140)]	[(138,782)]	[(124,529)]	[(42,754)]	[(45,960)]
Administrative expenses	[(12,842)]	[(14,791)]	[(16,993)]	[(5,378)]	[(6,216)]
Finance costs	[(15,218)]	[(15,004)]	[(14,984)]	[(5,660)]	[(6,125)]
PROFIT BEFORE TAX	[25,289]	[44,145]	[116,074]	[34,331]	[7,272]
Tax	[(10,008)]	[(10,075)]	[(14,215)]	[(6,604)]	[(2,456)]
PROFIT FOR THE YEAR/PERIOD	<u>[15,281]</u>	<u>[34,070]</u>	<u>[101,859]</u>	<u>[27,727]</u>	<u>[4,816]</u>
DIVIDENDS	<u>[-]</u>	<u>[22,000]</u>	<u>[75,000]</u>	<u>[-]</u>	<u>[-]</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
- Basic (HK cents)	<u>[5.09]</u>	<u>[11.36]</u>	<u>[33.95]</u>	<u>[9.24]</u>	<u>[1.61]</u>
- Diluted (HK cents)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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RISK FACTORS

The Group's operations are subject to a number of risks, a detailed discussion of which is set out in the section headed "Risk factors" in this document. These risks can be broadly classified into:

- Risks relating to the Group's operations;
- Risks relating to the Group's industry;
- Risks relating to conducting business in the PRC;
- Risks relating to conducting business in Thailand;
- Risks relating to conducting business in Cambodia.

Set out below is a list of risks referred to above.

Risks relating to the Group's operations

- The acquisition of drying yards as one of the Group's future plans may or may not be implemented
- The Group sells one single product. Sudden decrease in market demand and/or the availability of substitute of cassava found for the Group's dried cassava chips would adversely affect the Group's business
- Reliance on major customers in the PRC
- Reliance on key suppliers in Thailand
- The Group increases its level of inventory towards the end of the harvest season in order to keep adequate level of inventory for sales during the non-harvest season. Sudden decrease in market demand for the Group's dried cassava chips may lead to slow-moving of inventories
- The Group relies on the dry bulk vessels for shipping its product to the PRC. If it cannot arrange shipment for delivery of its product as scheduled, the Group's business would be adversely affected
- The Group's business, financial condition and operating results may be adversely affected by the volatility of prices of dried cassava chips and the interruption of supply or shortage of cassava chips
- Escalating oil price will increase the costs of transportation
- The Group may not be able to sustain its revenue and net profit levels and/or implement its expansion plan successfully

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- If the Group is unable to secure the supply of cassava in the next harvest season, the Group's profitability for the second half of its financial year will be adversely affected
- Demand from customers may be affected by the recent economic tsunami and credit tightening
- There is no assurance that the Alush Arrangements, the GP Arrangements or Aja-Art Rich Arrangements will be in compliance with Thai laws in the future
- The Aja-Art Rich Arrangements may not be as effective in providing control as direct ownership
- The Group's operations are working capital intensive, and failure to maintain sufficient working capital may have an adverse impact on its business
- Direct sales
- Leasing of warehouses
- Leasing of offices in the PRC
- Transfer pricing risk in international trade
- Net current liabilities position and net cash outflow from operating activities
- The Group's reputation and business operation may be affected by defective cassava chips
- Loss of any of the Group's key personnel will adversely impact its business and growth prospects
- Historical dividends should not be used as an indication for the Group's future dividend policy
- Incomplete assignment and registration of trademarks

Risks relating to the Group's industry

- Supply of agricultural products are susceptible to weather conditions and natural disasters
- The Group operates in a competitive industry
- Perishable nature of fresh cassava and harvest seasonality
- Insufficient international commodity market for dried cassava chip futures

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- Potential risks of sea transportation of dried cassava chips from Thailand to the PRC
- Environmental standards established by other countries
- Changes in relationship between the PRC and countries where the Group's major foreign trade partners are located
- Changes in government regulations, including quality standards, licensing requirements, government charges and taxes applicable to the cassava industry may adversely affect the industry players
- Demand for ethanol fuel may be affected by the price of oil or petroleum-based fuels
- Demand for ethanol fuel in some provinces in the PRC may not grow as expected

Risks relating to conducting business in the PRC

- Economic, social and political considerations
- The PRC legal system
- Currency conversions and fluctuations

Risks relating to conducting business in Thailand

- Economic, social and political considerations
- The Group's business may be affected by political or social instability in Thailand
- Currency conversion and foreign exchange control

Risks relating to conducting business in Cambodia

- Economic, social and political considerations
- Currency conversion and foreign exchange control

Please refer to the section headed "Risk factors" of this document for details.

SUMMARY

MATERIAL ADVERSE CHANGE

The profit of the Group for the period ended 31 August 2007 and 2008 amounted to approximately HK\$[27.7] million and approximately HK\$[4.8] million respectively, representing a drop of approximately [82.7]% or approximately HK\$[22.9] million. The decline was mainly attributable to (i) losses of non-cassava nature for the five months ended 31 August 2008, including in particular the fair value loss on investment properties in Hong Kong of approximately HK\$8.7 million, deficit on revaluation of property, plant and equipment of approximately HK\$[0.5] million for the five months ended 31 August 2008 due to general decline in the property market in Hong Kong; (ii) gain on disposal of available-for-sale investment of approximately HK\$[16.2] million for the five months ended 31 August 2007; and (iii) the tax effect of items (i) and (ii) above.

Revenue of the Group increased by approximately HK\$[60.8] million, or approximately [22.2]%, from approximately HK\$[273.7] million for the five months ended 31 August 2007 to approximately HK\$[334.5] million for the five months ended 31 August 2008. This was a net effect of a decrease in the quantity of dried cassava chips sold by approximately [18.3]% and an increase in the average selling price by approximately [49.5]% during the period.

The quantity of dried cassava chips sold by the Group for the period ended 31 August 2008 amounted to approximately [198,380] tonnes, which represented a drop of approximately [18.3]% as compared with the quantity sold of [242,764] tonnes for the period ended 31 August 2007.

The average selling price of dried cassava chips for the five months ended 31 August 2008 was approximately HK\$[1,686] per tonne, which represents a rise of approximately [49.5]% as compared with the average selling price of approximately HK\$[1,128] per tonne for the five months ended 31 August 2007. The monthly average selling price of dried cassava chips decreased from approximately HK\$[1,629] per tonne in August 2008 to approximately HK\$[1,079] per tonne in December 2008. The second half of 2008 saw the financial tsunami and a general trend of decline in prices of crude oil and denatured fuel ethanol. It is not unlikely that the selling prices of dried cassava chips will continue to be subject to turbulent fluctuation, which may affect the Group's financial performance. With a deteriorating global economy, general overall business activities may continue to slow down. Therefore, the demand for dried cassava chips in the PRC may have decreased which may have an impact on the Company's business performance. [Furthermore, in light of the riots in Thailand in 2008, the Group's business may be adversely affected if political tension escalates and causes destructive harm in Thailand.] However, the recent political events in Thailand have not caused any direct material obstacle in the daily operation (including sourcing and sales of dried cassava chips) of the Group up to the Latest Practical Date.

The Directors confirm that save as disclosed above, there has been no material adverse change in the financial or trading position or prospects of the Group since 31 August 2008 (being the date to which the latest audited combined financial statements of the Group were made up).