



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
2010



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Corporate Information

Directors

Executive Directors

Mr. Chu Ming Chuan
Ms. Liu Yuk Ming
Ms. Lam Ching Fun
Mr. Chu Ming Kin (resigned on 25 April 2010)
Mr. Chan Yuk Tong (resigned on 31 August 2010)

Independent Non-executive Directors

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

Authorised Representatives

Mr. Chu Ming Chuan
Mr. Shum Shing Kei

Company Secretary

Mr. Shum Shing Kei

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Website Address

www.asiacassava.com

Principal Bankers

The 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 2010 (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\$669.3 million for the Current Period, representing an increase of approximately 14.2% from approximately HK\$586.2 million for the previous period. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Period. The Group's sales of dried cassava to the companies in ethanol fuel industry increased from approximately HK\$123.4 million for the previous period to approximately HK\$203.9 million for the Current Period, representing a significant growth of 65.2%.

The Group's profit for the Current Period amounted to approximately HK\$48.3 million, representing an increase of approximately 42.1% over approximately HK\$34.0 million for the previous period.

Excluding the profit/gain from the non-cassava related business including the fair value gain on investment properties and reversal of deficit of own-used properties, the profit from cassava-related business for the Current Period amounted to approximately HK\$40.9 million, representing an increase of approximately 64.9% over approximately HK\$24.8 million for the previous period.

Revenue

Revenue of the Group increased by approximately HK\$83.1 million, or approximately 14.2%, from approximately HK\$586.2 million in the previous period to approximately HK\$669.3 million in the Current Period. It was mainly attributable to the increasing demand from the Group's PRC customers, including 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 HK\$123.4 million for the previous period to approximately HK\$203.9 million for the Current Period, representing a significant growth of 65.2%.

The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips 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\$67.5 million, or approximately 14.1%, from approximately HK\$477.2 million for the previous period to approximately HK\$544.7 million in the Current Period, mainly due to the increase in sales in the Current Period.

Gross profit of the Group increased by approximately HK\$15.6 million, or approximately 14.3%, from approximately HK\$109.1 million for the previous period to approximately HK\$124.7 million for the Current Period, mainly due to the effect of the increase in sales in the Current Period.

Gross profit margin of the Group for the Current Period was 18.6%, which was remain stable compared with those of previous period.

Management Discussion and Analysis

Fair value gain on investment properties and Reversal of deficit on revaluation of own-used properties

During the Current Period, the Group had a fair value gain on investment properties of approximately HK\$6.4 million (six months ended 30 September 2009: approximately HK\$6.5 million) and a reversal of deficit on revaluation of own-used properties of approximately HK\$0.2 million (six months ended 30 September 2009: approximately HK\$1.8 million).

Selling and distribution costs

During the Current Period, the selling and distribution expenses of the Group were approximately HK\$60.4 million (2009: approximately HK\$60.0 million), which comprised mainly ocean freight costs of approximately HK\$45.1 million (2009: approximately HK\$46.5 million) and warehouse, handling and inland transportation expenses of approximately HK\$15.3 million (2009: approximately HK\$13.5 million).

The selling and distribution expenses of the Group represented 9.0% of the total sales revenue for the Current Period, representing a significant improvement of 1.2 percentage points from that of 10.2% for the previous period, mainly due to the effect of (i) the usage of owned vessels and (ii) the Group's ability to negotiating for favourable terms for vessel hiring.

Administrative expenses

Administrative expenses of the Group increased by approximately HK\$1.2 million, or approximately 7.1%, from approximately HK\$16.9 million in the previous period to approximately HK\$18.1 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 other administrative costs.

Finance costs

Finance expenses of the Group decreased by 15.8% from approximately HK\$1.9 million for the previous period to approximately HK\$1.6 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.

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\$48.3 million for the Current Period, representing an increase of approximately 42.1% over HK\$34.0 million for the previous period.

Excluding the profit/gain from the non-cassava related business including the fair value gain on investment properties and reversal of deficit of owned properties, the profit from cassava-related business for the Current Period amounted to approximately HK\$40.9 million, representing an increase of approximately 64.9% over approximately HK\$24.8 million for the previous period.

Management Discussion and Analysis

Financial resources and liquidity

As at 30 September 2010, the net assets amounted to approximately HK\$399.7 million, representing an increase of approximately HK\$28.2 million from approximately HK\$371.5 million as at 31 March 2010 due to the profit for the Current Period and surplus on revaluation of properties less the payment of final dividends for previous year.

The Group's current assets as at 30 September 2010 amounted to approximately HK\$310.3 million (31 March 2010: HK\$426.7 million), including cash and cash equivalents of approximately HK\$116.9 million (31 March 2010: HK\$64.0 million), trade and bills receivables of approximately HK\$114.6 million (31 March 2010: HK\$131.9 million) and inventories of approximately HK\$50.3 million (31 March 2010: HK\$162.0 million). The Group had non-current assets of HK\$130.0 million (31 March 2010: HK\$110.3 million) which are mainly properties located in Hong Kong for office and property investment purposes and a vessel for transportation purposes.

The Group's current liabilities as at 30 September 2010 amounted to approximately HK\$37.6 million (31 March 2010: approximately HK\$156.1 million), which comprised mainly trade and other payables and accruals of approximately HK\$12.2 million (31 March 2010: approximately HK\$47.5 million) and bank borrowings of approximately HK\$5.5 million (31 March 2010: approximately HK\$86.5 million).

The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 30 September 2010, the Group had a gearing ratio of approximately 1.2%, representing a significant improvement of approximately 15.9 percentage points from approximately 17.1% as at 31 March 2010. The improvement is mainly due to the application of surplus cashflow to repay borrowings during the Current Period.

The Group's debtor turnover period is approximately 33.6 days as at 30 September 2010, representing an increase of approximately 12.0 days from approximately 21.6 days as at 31 March 2010. Such increase is mainly because the Group had sufficient working capital from operation so that it is not necessary to discount the related bills receivables as usual. Subsequent to the balance sheet date, all those trade debts had been fully received.

The Group's inventory turnover period is approximately 16.8 days as at 30 September 2010, representing a decrease of approximately 6.6 days from approximately 23.4 days as at 31 March 2010. Subsequent to the balance sheet date, all those inventories had been fully sold.

Employment and remuneration policy

The total staff costs (including directors' remuneration) amounted to approximately HK\$5.9 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 2010, the Group's land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK\$19,547,000 (31 March 2010: HK\$18,300,000) and HK\$38,293,000 (31 March 2010: HK\$34,810,000), 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 2010, the Group did not have any material contingent liabilities and capital commitment.

Prospect

The rosy results have once again validated the Group's unique and integrated business model combining the procurement, processing, warehousing, logistics and sale of cassava chips. The Group had set up five procurement and warehouse centres strategically located in Thailand and Cambodia with a total capacity of 215,000 tonnes. Looking ahead, the Group plan to establish more procurement and warehouse centres in Cambodia, Laos and elsewhere in order to replicate the proven business model in Thailand. Riding on our broad procurement channels and network together with the warehouse facilities, optimised logistics capabilities and the widespread sales network in the PRC, the Group will continue to strive to enhance our market coverage and maximise returns for our shareholders.

Subsequent to the balance sheet date, on 14 October 2010, the Company announced the share placement of aggregate 40,000,000 shares to independent third parties at HK\$2.3 per share. The net proceeds from the share placement were approximately HK\$91.9 million. The Company intends to retain the net proceeds as general working capital of the Group. 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.

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. The analysis of the planned and actual use of these proceeds is set out below:

Planned application of IPO proceeds	Planned use of proceeds in accordance with the Prospectus HK\$'000	Actual use of proceeds up to 30 September 2010 HK\$'000
1. the establishment of warehousing facilities and acquisition or leasing of drying yards in Thailand	39,217	13,195
2. the development of the Group's procurement networks and logistics systems beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos	4,073	4,073
3. the expansion of the Group's sales networks by establishing storage facilities and promotion and marketing of the Group's products in the southern, central and south western regions in the Mainland China	7,000	–
4. the development and enhancement of sales network and marketing, including promotion and marketing of its Artwell brand dried cassava chips in the Group's existing network in the north-eastern region in the Mainland China	3,100	–
5. additional general working capital of the Group.	5,844	5,844
Total	59,234	23,112

The unused balance of the proceeds are placed with reputable banks as the Group's bank deposits.

Management Discussion and Analysis

Interim dividends and closure of register of members

The Board declares the payment of an interim dividend of HK\$0.022 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 3 December 2010, and will be paid on or about 16 December 2010.

The register of members of the Company will be closed from 6 December 2010 to 7 December 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 December 2010.

Supplementary Information

Directors' interests and short positions in shares and underlying shares

At 30 September 2010, 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	62.5%

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 30 September 2010, 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.

Supplementary Information

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 2010. 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 2010, 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	62.5%
Mr. Chu	(a)	Through a controlled corporation	225,000,000	62.5%
Mrs. Chu	(a)	Through a controlled corporation	225,000,000	62.5%
Cheung Wah Fung, Christopher ("Mr. Cheung")	(b)	Directly beneficially owned and through a controlled corporation	21,328,000	5.92%
Christfund Securities Limited	(b)	Directly beneficially owned	20,000,000	5.56%

Note:

- (a) The entire issued share capital of AR Management is legally and beneficially owned by Mr. Chu as to 97% and Mrs. Chu as to 3%. As spouse, Mr. Chu is deemed to be interested in the shares of AR Management which Mrs. Chu is interested in and Mrs. Chu is also deemed to be interested in the shares of AR Management which Mr. Chu is interested in.
- (b) By virtue of the SFO, Mr. Cheung is deemed to be interested in the 20,000,000 shares in the Company held by Christfund Securities Limited in which Mr. Cheung is interested in.

Save as disclosed above, as at 30 September 2010, 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 2010.

Supplementary Information

Code of conduct regarding securities transactions by directors

During the six months ended 30 September 2010, 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.

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 2010.

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 17 November 2010 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 2009/2010 annual report are set out below:

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

Mr. Yue has been appointed as an independent non-executive director of China Suntien Green Energy Corporation Limited (stock code: 00956), a company listed on the main board of the Stock Exchange, with effect from 28 June 2010.

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 2010

	Notes	Six months ended 30 September	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
REVENUE	5	669,335	586,230
Cost of sales		(544,658)	(477,173)
Gross profit		124,677	109,057
Other income and gains	5	819	864
Fair value gain on investment properties		6,450	6,454
Reversal of deficit on revaluation of property, plant and equipment		150	1,847
Selling and distribution costs		(60,395)	(60,004)
Administrative expenses		(18,133)	(16,927)
Finance costs		(1,599)	(1,887)
PROFIT BEFORE TAX	6	51,969	39,404
Tax	7	(3,665)	(5,417)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		48,304	33,987
Other comprehensive income			
Gains on property revaluation		1,247	2,074
Income tax effect on gain on property revaluation		(206)	(341)
Exchange differences on translation of foreign operations		430	141
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		49,775	35,861
DIVIDEND			
Interim	8	8,800	7,200
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basis (HK cents)		13.4	11.3
Diluted (HK cents)		N/A	N/A

Condensed Consolidated Statement of Financial Position

30 September 2010

	Notes	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		80,978	67,739
Investment properties		49,060	42,610
Total non-current assets		130,038	110,349
CURRENT ASSETS			
Inventories		50,306	162,038
Trade and bills receivables	10	114,607	131,856
Prepayments, deposits and other receivables		28,504	68,831
Cash and cash equivalents		116,890	64,005
Total current assets		310,307	426,730
CURRENT LIABILITIES			
Trade and other payables and accruals	11	12,177	47,491
Interest-bearing bank borrowings		5,491	86,544
Tax payable		19,915	22,027
Total current liabilities		37,583	156,062
NET CURRENT ASSETS		272,724	270,668
TOTAL ASSETS LESS CURRENT LIABILITIES		402,762	381,017
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	5,031
Deferred tax liabilities		3,051	4,450
Total non-current liabilities		3,051	9,481
Net assets		399,711	371,536
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		36,000	36,000
Reserves		354,911	313,936
Proposed dividends		8,800	21,600
Total equity		399,711	371,536

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2010

	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 2010	36,000	140,113	8,229	(9,773)	46	7,136	2,081	166,104	21,600	371,536
Exchange differences on translation of foreign operations	-	-	-	-	-	-	430	-	-	430
Change in fair value of a building recognised directly in equity	-	-	-	-	-	1,247	-	-	-	1,247
Deferred tax component of asset revaluation reserve	-	-	-	-	-	(206)	-	-	-	(206)
Total income and expenses directly recognised in equity	-	-	-	-	-	1,041	430	-	-	1,471
Profit for the period	-	-	-	-	-	-	-	48,304	-	48,304
Total income and expense for the period	-	-	-	-	-	1,041	430	48,304	-	49,775
2010 final dividend paid	-	-	-	-	-	-	-	-	(21,600)	(21,600)
Proposed 2010 interim dividend	-	-	-	-	-	-	-	(8,800)	8,800	-
At 30 September 2010	36,000	140,113	8,229	(9,773)	46	8,177	2,511	205,608	8,800	399,711

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2010

	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 dividend	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
				(note (i))	(note (ii))					
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

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\$354,911,000 as at 30 September 2010 (2009: HK\$166,831,000) in the condensed consolidated statements of financial position.

Condensed Consolidated Statement of Cash Flows

Six months ended 30 September 2010

	Six months ended 30 September	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	151,652	(15,611)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(13,113)	(524)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(86,084)	(79,764)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	52,455	(95,899)
Cash and cash equivalents at beginning of period	64,005	164,674
Effect of foreign exchange rate changes, net	430	(141)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	116,890	68,634
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	114,690	58,634
Non-pledged time deposits with original maturity of less than three months when acquired	2,200	10,000
	116,890	68,634

Notes to Financial Statement

30 September 2010

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 2010, 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 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases-Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
Improvements to HKFRSs 2009	<i>Amendments to a number of HKFRSs</i>

The application of these new and revised standards and interpretations has no material impact on the accounting policies of the Group and the methods of computation in the Group’s interim condensed consolidated financial statements.

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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.

The following tables present revenue, profit/(loss) for the Group's operating segments for six months ended 30 September 2010 and 2009.

	Property investment HK\$'000 (Unaudited)	Sale of dried cassava chips HK\$'000 (Unaudited)	Combined HK\$'000 (Unaudited)
Six months ended 30 September 2010			
Segment revenue:			
Sales to external customers	–	669,335	669,335
Gross rental income	531	–	531
Total	531	669,335	669,866
Segment results	7,131	62,908	70,039
Interest and unallocated gains			288
Corporate and other unallocated expenses			(16,759)
Finance costs			(1,599)
Profit before tax			51,969
Tax			(3,665)
Profit for the period			48,304
Other segment information:			
Depreciation and amortisation	–	1,145	1,145
Corporate and other unallocated amounts			126
			1,271
Capital expenditure	–	13,113	13,113
Corporate and other unallocated amounts			–
			13,113
Fair value gain on investment properties	6,450	–	6,450
Reversal of deficit on revaluation of property plant and equipment	150	–	150

Notes to Financial Statement

30 September 2010

4. SEGMENT INFORMATION (Continued)

	Property investment HK\$'000 (Unaudited)	Sale of dried cassava chips HK\$'000 (Unaudited)	Combined HK\$'000 (Unaudited)
Six months ended 30 September 2009			
Segment revenue:			
Sales to external customers	–	586,230	586,230
Gross rental income	603	–	603
Total	603	586,230	586,833
Segment results	7,057	49,053	56,110
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
Other segment information:			
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
Reversal of deficit of revaluation of property, plant and equipment	1,847	–	1,847

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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	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Other income		
Bank interest income	8	2
Gross rental income	531	603
Others	280	259
	819	864

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Cost of inventories sold	544,658	477,173
Depreciation	1,271	302
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	5,806	5,350
Pension scheme contributions	120	112
	5,926	5,462
Gross rental income	(531)	(603)
Less: Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	3	10
Net rental income	(528)	(593)
Minimum lease payments under operating leases in respect of storage facilities and office premises	1,954	1,198
Contingent rent under operating leases in respect of storage facilities	80	78

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7. TAX

Hong Kong profits tax has been provided at the rates of 16.5% (2009: 16.5%) 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	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong	1,490	3,209
Current – Elsewhere	570	838
Deferred	1,605	1,370
Total tax charge for the period	3,665	5,417

8. DIVIDEND

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Proposed interim – HK2.2 cents (2009: HK2 cents) per share	8,800	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 2010 attributable to ordinary equity holders of the Company of HK\$48,304,000 (2009: HK\$33,987,000), and the weighted average number of 360,000,000 (2009: 300,000,000) ordinary shares in issue during the period.

A diluted earnings per share amounts for six months ended 30 September 2010 and 2009 have not been disclosed as no diluting events existed during these periods.

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 irrevocable letters of credit issued by reputable banks, mainly with term within 0 to 90 days at sight, or by cash on delivery (31 March 2010: 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:

	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 30 days	114,607	131,856

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.

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11. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Trade and other payables	2,629	33,806
Accrued liabilities	9,110	13,364
Rental deposits received	438	321
	12,177	47,491

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 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Within one year	585	1,069
In the second to fifth years, inclusive	342	307
	927	1,376

(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 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Within one year	1,290	3,050
In the second to fifth years, inclusive	582	–
	1,872	3,050

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.

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13. COMMITMENTS

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

14. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended	
		2010	2009
		HK\$'000	HK\$'000
		(Unaudited)	(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, on 14 October 2010, the Company and each of Orchid Asia L.P. and Orchid Asia Investment have separately entered into the subscription agreements in relation to the subscription of an aggregate of 40,000,000 subscription shares (as to 39,200,000 subscription shares by Orchid Asia L.P. and as to 800,000 subscription shares by Orchid Asia Investment) at the subscription price of HK\$2.3 per subscription share.

The net proceeds of the subscription, after the deduction of the related expenses, will be approximately HK\$91.9 million. The Company intends that the net proceeds of the Subscription will be used by the Group to be applied as the general working capital of the Group.

16. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed financial statements were approved and authorised for issue by the board of directors on 17 November 2010.