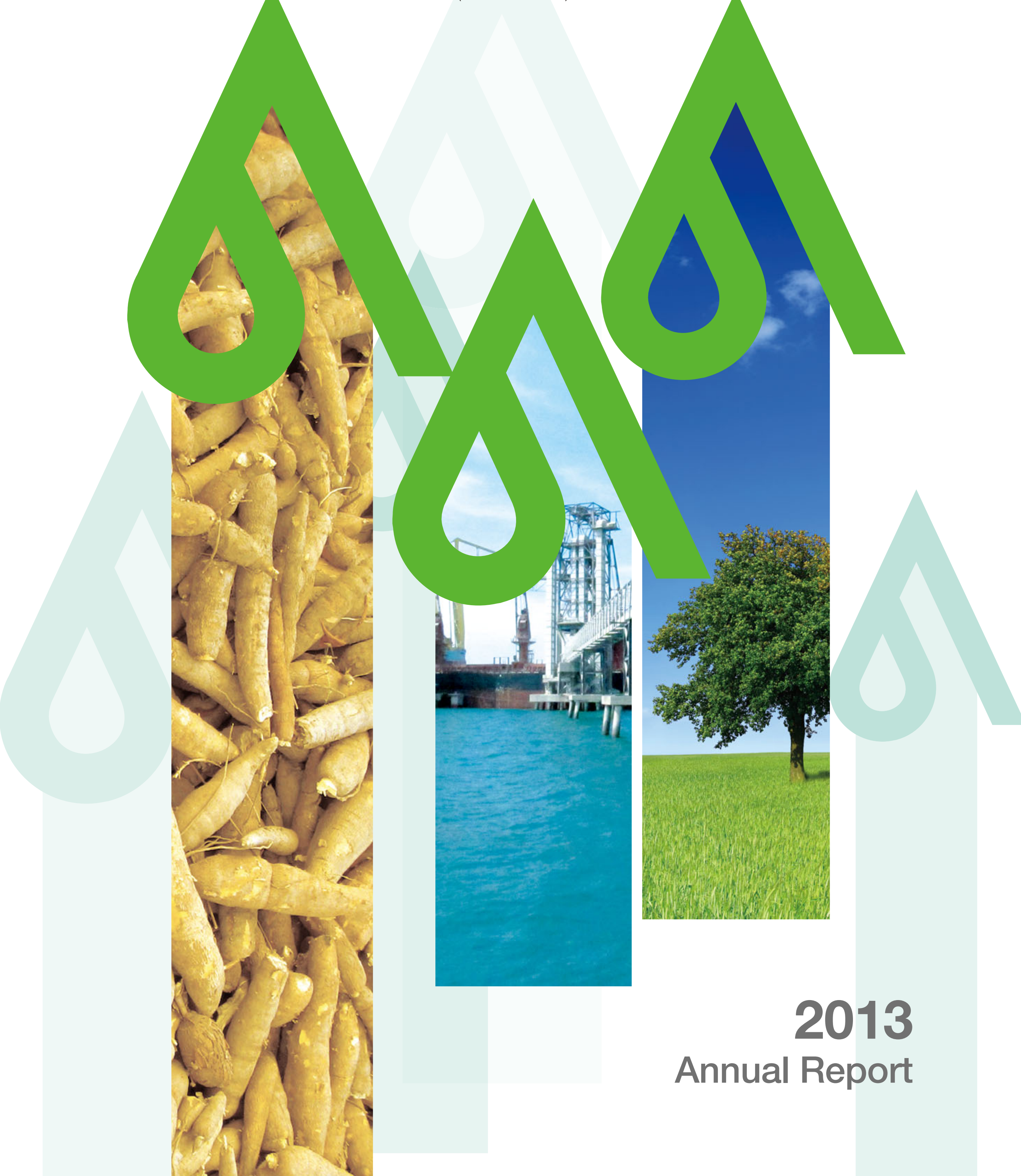
Asia Cassava Resources Holdings Limited

亞洲木薯資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 841)



2013

Annual Report

Contents

Management Discussion and Analysis

During the year, the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand and sales of dried cassava chips, to customers in the People's Republic of China (the "PRC"). The Group had remained the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

The Group's revenue from procurement and sales of dried cassava chips amounted to approximately HK$3,850.1 million for the year ended 31 March 2013 (the "Current Year"), representing an increase of approximately 111.3% from approximately HK$1,821.8 million for the previous year. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Year, leading to a significant influence over the market.

In addition, for the Current Year, the Group's revenue from procurement and sales of thermal coals amounted to approximately HK$63.1 million (2012: HK$138.7 million).

The Group's profit for the Current Year amounted to approximately HK$30.6 million, representing a 20% increase from approximately HK$25.5 million for the previous year.

Revenue

Total Revenue of the Group increased by approximately HK$1,952.6 million or approximately 99.6% from approximately HK$1,960.6 million to approximately HK$3,913.2 million in the Current Year. It was mainly attributable to the fact that for the purpose of increasing market share, the Group reached an arrangement with an independent third party in respect of the Group's procurement of dried cassava chips from Thai warehouses (the "Arrangement"). Through the Arrangement, the Group increased the volume of dried cassava chips procured, resulting in the increase in the Group's sales volume and revenue for the Current Year.

Gross profit and gross profit margin

Total cost of sales of the Group increased by approximately HK$1,771.2 million, or approximately 103%, from approximately HK$1,720.3 million for the previous year to approximately HK$3,491.5million in the Current Year, mainly due to the increase in sales of dried cassava chips in the Current Year.

Gross profit of the Group increased by approximately HK$181.4 million, or approximately 75.5%, from approximately HK$240.3 million for the previous year to approximately HK$421.7 million for the Current Year, mainly due to the increase in sales of dried cassava chips in the Current Year.

The Group's gross profit margin for the Current Year decreased by approximately 1.5 percentage points to approximately 10.8% from approximately 12.3% for the previous year. During the Current Year and after the Arrangement, the Group adopted its strategies as to further increasing market share in Mainland China by adjusting its pricing policy. Hence, the gross profit margin was decreased slightly.

Fair value gain on investment properties

During the Current Year, the Group had a fair value gain on investment properties of approximately HK$0.6 million (2012: approximately HK$0.6 million).

Selling and distribution costs

During the Current Year, the selling and distribution expenses of the Group were approximately HK$305.7 million (2012: approximately HK$163.4 million), which comprised mainly ocean freight costs of approximately HK$202.4 million (2012: approximately HK$115.3 million) and warehouse, handling and inland transportation expenses of approximately HK$103.3 million (2012: approximately HK$48.1 million). The increase in selling and distribution expenses of the Group was resulted from (i) the increase in warehouse, handling and inland transportation for the dried cassava chips procured under the Arrangement; and (ii) the increase in ocean freights for increased sales.

The selling and distribution expenses of the Group represented 7.8% of the total sales revenue for the Current Year, compared to that of 8.3% for the previous year.

Administrative expenses

Administrative expenses of the Group increased by approximately HK$2.0 million, or approximately 4.9%, from approximately HK$41.3 million in the previous year to approximately HK$43.3 million in the Current Year, mainly due to the increase in entertainment and travelling expenses, salaries and certain office expenses less increase in net exchange gains.

Finance costs

Finance expenses of the Group increased from approximately HK$9.0 million for the previous year to approximately HK$15.2 million for the Current Year due to the increase in the average bank borrowing balance for financing the Group's increased revenue during the Current Year.

Impairment loss of a vessel

On 28 March 2013, the Group entered into the Disposal Agreement for the vessel with the purchaser, Jingjiang Dunfeng Ship-breaking Co., Ltd., whereby the purchaser has agreed to purchase and the Group has agreed to sell the Vessel at the consideration of approximately US$3.9 (equivalent to approximately HK$30.6 million). As a result of the disposal, the Group is expected to record a loss of approximately HK$24.8 million, which is calculated on the basis of the consideration of the disposal of approximately US$3.9 million (or equivalent to approximately HK$30.6 million) less the carrying value of the Vessel amounting to approximately HK$55.4 million as at 31 March 2013.

Taxation

For each of the years ended 31 March 2012 and 2013, the Group's taxations were approximately HK$4.7 million and HK$4.7 million, respectively. The effective tax rate of the Group for the Current Year was approximately 13.2% (2012: 15.6%).

Profit for the year

The Group's profit for the Current Year amounted to approximately HK$30.6 million (2012: approximately HK$25.5 million).

Excluding the impairment loss of a vessel of approximately HK$24.8 million, the Group's profit for the year would have been HK$55.4 million.

Financial resources and liquidity

As at 31 March 2013, the net assets amounted to approximately HK$555.0 million, representing an increase of approximately HK$26.3 million from approximately HK$528.7 million as at 31 March 2012 due to the profit for the Current Year less the payment of dividends.

Current assets amounted to approximately HK$988.5 million (2012: HK$776.9 million), including non-current assets held for sale (vessel) of approximately HK$30.6 million (2012: Nil), pledged deposits of approximately HK$128.8 million (2012: Nil), cash and cash equivalents of approximately HK$138.7 million (2012: HK$142.8 million), trade and bills receivables of approximately HK$198.6 million (2012: HK$213.0 million), inventories of approximately HK$344.9 million (2012: HK$382.6 million) and prepayments, deposits and other receivables of HK$146.9 million (2012: HK$38.6 million). The Group had non-current assets of HK$120.2 million (2012: HK$134.9 million). Prepayment, deposits and other receivables mainly includes the deposit paid for purchase of dried cassava chips under the Arrangement and a warehouse in Thailand of approximately HK$127.6 million and HK$10.7 million, respectively.

The Group's current liabilities amounted to approximately HK$551.4 million (2012: HK$380.9 million), which comprised mainly trade and other payables and accruals of approximately HK$40.1 million (2012: HK$61.3 million) and bank borrowings of approximately HK$477.3 million (2012: HK$287.4 million). The Group's non-current liabilities included deferred tax liabilities of approximately HK$2.4 million (2012: HK$2.3 million).

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2013, the Group had a gearing ratio of 43.0% (2012: 31.5%). Such increase is mainly due to the increase in bank borrowings for financing the increased revenue during the Current Year.

The Group's debtor turnover period is 19.2 days as at 31 March 2013, representing a decrease of 20.5 days from 39.7 days as at 31 March 2012. Such decrease was mainly because the Group had comparatively less shipments near 31 March 2013 compared to previous year end date and the related bills receivables had not been discounted as usual due to time constraint.

The Group's inventory turnover period is 38.0 days as at 31 March 2013, representing a decrease of 37.6 days from 75.6 days as at 31 March 2012. Such decrease is mainly attributable to the fact that pursuant to the Arrangement, the Group was able to take dried cassava chips from the Thai warehouses directly to ports for shipments and hence it is not necessary for the Group to hold additional inventories for fulfilling the orders from customers in coming months.

Employment and remuneration policy

As at 31 March 2013, the total number of the Group's staff was approximately 75. The total staff costs (including directors' remuneration) amounted to approximately HK$16.4 million for the year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau and Thailand.

Charge on group assets

As at 31 March 2013, the Group's pledged bank deposit, land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK$128,769,000 (2012: Nil), HK$10,670,000 (2012: HK$10,670,000) and HK$29,210,000 (2012: HK$29,210,000), respectively, were pledged to the bankers to secure the banking facilities granted to the Group.

Foreign currency exposure

The Group carries on business in Renminbi ("RMB"), United States dollars ("US$") and Thai Baht and therefore the Group is exposed to foreign currency risk as the values of these currencies fluctuate in the international market. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the directors monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As 31 March 2013, the Group did not have any material contingent liabilities.

Prospect

During the Current Year, for the purpose of increasing market share, the Group reached the Arrangement in respect of the Group's procurement of dried cassava chips from Thai warehouses, as a supplement to the Group's existing procurement network. Through the Arrangement, the Group increased the volume of dried cassava chips procured, resulting in the increase in the Group's sales volume and revenue for the Current Year.

Subsequent to year end, the Arrangement is still in progress and the management believes that the Group is able to continue procuring the dried cassava chips from the Thai warehouses under the Arrangement in the coming months, which is vital to the Group, especially when the harvest season is over. It enables the Group to secure the supply of dried cassava chips in the coming months.

On 28 March 2013, the Group entered into the Disposal Agreement for the vessel. The sales proceeds for the disposal will be used for financing the working capital of the Group or as partial payment for purchase of a newer vessel (when appropriate). The Directors consider that it is more appropriate for the Group to dispose of the vessel due to its old age, not only for saving such repair and maintenance expenses but also, when appropriate, for acquiring newer vessel by application of the sale proceeds of the vessel.

On 28 May 2013, the Company entered into the agreement for purchase of a vessel at a total cash consideration of US$4,505,000 (equivalent to approximately HK$35,139,000) (the "Agreement") from an independent seller (the "Seller"). Pursuant to the Agreement, the expected time of delivery of the vessel is between 5 June 2013 and 30 June 2013. However, on 28 June 2013, the Company announced that as the Seller requested to delay the time of delivery of the vessel to 20 July 2013 without offering any compensation to the Group, the Group declined the Seller's request after taking into account the Group may incur additional expenses for delay in delivery of the vessel. Hence, the Seller and the Group mutually agreed to terminate the Agreement. The Group's initial deposit of US$901,000 (equivalent to approximately HK$7,028,000) placed at an interest bearing joint/escrow account between Seller and the Group with an escrow agent, together with the interest thereon, will be refunded in full and the Group incurs no loss from the termination of the Agreement. As such, the Group shall resume seeking for an appropriate vessel in the market for restoration of its transportation ability.

In addition, the Group's unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. This year, the Group had set up six procurement and warehouse centres strategically located in Thailand with a total capacity of approximately 230,000 tonnes. Looking ahead, the Group plans to establish more procurement and warehouse centres in Vietnam, Cambodia, Laos and elsewhere in order to replicate the proven business model in Thailand. Riding on our broad procurement channels and network together with the warehouse facilities, optimised logistics capabilities and the widespread sales network in the PRC, the Group will continue to strive to enhance our market coverage and maximise returns for our shareholders.

Directors and Senior Management

Board of Directors

Executive Directors

Mr. Chu Ming Chuan ("Mr. Chu"), aged 58, is the chairman of the Board. He was also appointed as an executive Director on 8 May 2008. Save for All Praise Limited, Artwell Properties Limited, Winsure International Investment Limited and Globe Shipping Limited, Mr. Chu is a director of all the subsidiaries of the Company. Mr. Chu is responsible for formulating the Group's strategies and guiding the Group's overall development. He has over 20 years of experience in import and export of agricultural by-products and over 15 years of experience in the cassava industry. Mr. Chu is currently a member of the National Committee of the Chinese People's Political Consultative Conference, a standing committee member of the All-China Federation of Industry and Commerce, a standing member and a convenor for Hong Kong Region of the Chinese People's Political Consultative Conference, Shandong Province and standing member and a convenor for Hong Kong and Macau Regions of the Chinese People's Political Consultative Conference, Jinan City. He is also a permanent honorary chairman of the Hong Kong Federation of Fujian Associations. Mr. Chu has completed DBA (工商管理博士) course at the Shenzhen Research Institution of the Renmin University of China (中國人民大學深圳研究院). Mr. Chu is the spouse of Ms. Ng Nai Nar and the brother of Ms. Chu Ling Ling, Miranda.

Ms. Liu Yuk Ming ("Ms. Liu"), aged 52, was appointed as an executive Director on 8 May 2008. She is also a director of Artsun International Macao Limited, Rizhao Yushun Cassava Co., Ltd. ("Rizhao Yushun"), Global Property Connection Co., Ltd., Art Rich International Limited and Alush (Thailand) Co., Ltd. ("Alush Thailand"), each a subsidiary of the Company. She joined the Group in 1992 and is currently the deputy general manager of the Group. She is responsible for formulating the marketing strategies and daily operations of the Group. She has over 15 years of experience in logistics management and import and export of cassava. Over the 15 years with the Group, Ms. Liu has been responsible for, among others, overseeing the operation of charter vessels, developing ship chartering networks and supervising the sales and marketing team of the Group. Prior to joining the Group, Ms. Liu has worked in certain trading and shipping companies and as an export executive in the Hong Kong office of a multinational trading group. Ms. Liu is currently a council member of the Shandong Overseas Friendship Association.

Ms. Lam Ching Fun ("Ms. Lam"), aged 46, was appointed as an executive Director on 2 July 2008. She joined the Group in 1992 and is currently the general manager of the Group's chartering and logistics department. She is responsible for logistic systems, charter business management, cargo handling arrangement and the Sino-Thai ports coordination. Ms. Lam has over 15 years of experience in logistics operations in the cassava industry. Over the 15 years with the Group, Ms. Lam's responsibilities included overseeing the Group's logistics system and managing the chartering of vessels.

Independent non-executive Directors

Professor Fung Kwok Pui ("Professor Fung"), aged 62, was appointed as an independent non-executive Director on 22 January 2009. He is currently the Professor of Biochemistry and Head of the United College at the Chinese University of Hong Kong.

He is also the director of CUCAMed Company Limited (中大中醫藥科技有限公司), a subsidiary of the Chinese University of Hong Kong Foundation Limited and a member of the management board of The Hong Kong Institute of Biotechnology Limited (香港生物科技研究院有限公司), a company wholly controlled by the Council of the Chinese University of Hong Kong. Professor Fung graduated from the Chinese University of Hong Kong in 1973, majoring in Chemistry, and obtained his master degree in Biochemistry in 1975. He later obtained his doctorate degree in Microbiology from the University of Hong Kong in 1978, and has been conducting clinical biochemical research at University of Toronto, Canada for many years.

Professor Fung was a member of the Chinese Medicines Board of the Chinese Medicine Council of Hong Kong from 1999 to 2002, and a member of the Biology and Medicine Panel of the Research Grants Council from 1996 to 2001. He has also been the Hong Kong representative of the Society of Chinese Bioscientists in America for many years, and was presented Distinguished Service Award in 1999.

Mr. Lee Kwan Hung ("Mr. Lee"), aged 47, was appointed as an independent non-executive Director, on 22 January 2009. Mr. Lee received his degree of Bachelor of Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and the United Kingdom in 1997. Mr Lee was a Senior Manager of the Listing Division of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") between 1993-94. Mr. Lee is currently a practising solicitor and an independent non-executive director of Yuexiu REIT Asset Management Limited (being the manager of Yuexiu Real Estate Investment Trust), NetDragon Websoft Inc., Embry Holdings Limited, Futong Technology Development Holdings Limited, Walker Group Holdings Limited, Newton Resources Limited, Tenfu (Cayman) Holdings Company Limited, Far East Holdings International Limited and China BlueChemical Ltd., the shares of these companies are listed on the Stock Exchange. Mr. Lee was also a non-executive director of GST Holdings Limited and an independent non-executive director of New Universe International Group Limited.

Mr. Yue Man Yiu Matthew ("Mr. Yue"), aged 51, was appointed as an independent non-executive Director on 22 January 2009. He holds a Bachelor's degree in business administration from The Chinese University of Hong Kong. Mr. Yue is a fellow member of Association of Chartered Certified Accountants, fellow member of Hong Kong Institute of Certified Public Accountants and member of Hong Kong Securities Institute. Mr. Yue has extensive experience in the financial control, project analysis and management functions. Mr. Yue has been the chief financial officer of Ko Shi Wai Holdings Limited since September 2009. He has been a director of China-Link Capital Management Limited since September 2009 and was the chief financial officer of the same firm from August 2005 to August 2009. Mr. Yue is currently an independent non-executive director of Royale Furniture Holdings Limited and China Suntien Green Energy Corporation Limited, the shares of these companies are listed on The Stock Exchange. Mr. Yue was also an independent non-executive director of China Financial Leasing Group Limited.

Senior Management

Ms. Ng Nai Nar, aged 50, is the head of administration and human resources of the Group and is responsible for the administration and human resources functions of the Group. She has completed DBA (工商管理博士) course at the Shenzhen Research Institution of the Remin University of China (中國人民大學深圳研究院). She also obtained a Master degree in Business Administration and a Bachelor Degree of Science in Applied Computing from the Open University of Hong Kong, Diploma and Higher certificate in Electronic Engineering from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mrs. Chu joined the Group in 1985 and has years of company management experience. She is the spouse of Mr. Chu.

Mr. Shum Shing Kei ("Mr. Shum"), aged 41, is the chief financial officer and company secretary of the Company. He joined the Group in June 2008 and is responsible for the corporate finance function of the Group and oversees matters related to financial administration of the Group. Mr. Shum obtained a master degree in financial management from the University of London, the United Kingdom in 1998 and a Bachelor (Hon) degree in accountancy from Hong Kong Polytechnics in 1993. Prior to joining to the Group, Mr. Shum has over 14 years' working experience in auditing, accounting and financial management. Mr. Shum had worked for China Data Broadcasting Holdings Limited as qualified accountant and company secretary, the shares of which are listed on the Growth Enterprise Market (the "GEM") operated by the Stock Exchange, and an international accounting firm. Mr. Shum is a fellow member of Hong Kong Institute of Certified Public Accountants.

Ms. Chu Ling Ling, Miranda ("Ms. Chu"), aged 60, is a deputy financial controller and is responsible for overall monitoring the accounting department of the Group. She joined the Group in 1997 and has worked for over 10 years in the accounting and financial management division of the Group. Ms. Chu is the elder sister of Mr. Chu.

Mr. Wong Hoi Pang ("Mr. Wong"), aged 34, is the deputy group financial controller of the Company. Mr. Wong joined the Group in April 2008 and is responsible for the Group's financial reporting and monitoring of the accounting internal controls. Prior to joining the Group, Mr. Wong has over 6 years' experience in accounting, auditing and financial management. Mr. Wong is a member of the Association of Chartered Certified Accountants.

Mr. Wang Dong Dai ("Mr. Wang"), aged 50, is the general manager of Rizhao Yushun, a subsidiary of the Company. Mr. Wang joined the Group in 2001 and is responsible for monitoring the daily management of Rizhao Yushun and supervising the daily operations and coordination of the business of the Group in Mainland China. Prior to this, he had engaged in the financial and business management sectors for about eight years. Mr. Wang graduated from the Shandong University with major in Law.

Ms. Jiang Ting ("Ms. Jiang"), aged 44, is the deputy general manager of Rizhao Yushun, a subsidiary of the Company. She was employed by the Group in 2008 as part of the reorganisation and is responsible for the analysis of cassava market information and customer relationship of the Group in the PRC. Ms. Jiang has over 5 years' experience in marketing. Ms. Jiang graduated from Weifang Vocational College (濰坊職業大學) with major in international trading.

Mr. Somchai Ngamkasemsuk ("Mr. Ngamkasemsuk"), aged 57, is the assistant general manager of Alush Thailand, a subsidiary of the Company. Mr. Ngamkasemsuk joined the Group in 2004 and is responsible for the warehouse management and quality control and analysis in respect of cassava market in Thailand. Mr. Ngamkasemsuk obtained a bachelor degree in Business Administration from Assumption Business Administration College.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2013.

Principal activities

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

Results and dividends

The Group's profit for the year ended 31 March 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 93.

The directors recommend the payment of a final dividend of HK1.25 cents per ordinary share in respect of the year to shareholders on the register of members on 7 October 2013. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

Use of proceeds from the Company's initial public offering

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

	Planned application of IPO proceeds	Planned use of proceeds in accordance with the Prospectus HK$'000	Actual use of proceeds up to 31 March 2013 HK$'000
1.	the establishment of warehousing facilities and acquisition of leasing of drying yards in Thailand	39,217	33,031
2.	the development of the Group's procurement networks and logistics system beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos	4,073	4,073
3.	the expansion of the Group's sales networks by establishing storage facilities and promotion and marketing of the Group's products in the southern, central and southwestern regions in Mainland China	7,000	1,204
4.	the development and enhancement of sales network and marketing, including promotion and marketing of its Artwell brand dried cassava chips in the Group's existing network in the northeastern region in Mainland China	3,100	–
5.	additional general working capital of the Group	5,844	5,844
		59,234	44,152

Summary financial information

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's published audited financial statements for the years ended 31 March 2009, 2010, 2011, 2012 and 2013, respectively, and restated/reclassified as appropriate, is set out on page 95. This summary does not form part of the audited financial statements.

Property, plant and equipment and investment properties

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 94.

Share capital

There were no movements in either the Company's authorised or issued share capital during the year.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$5,332,000 of which HK$5,000,000 has been proposed as a final dividend. In addition, the Company's share premium account and contributed surplus, of HK$308,184,000 in aggregate, may be distributed in the form of fully paid bonus shares.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 38% (2012: 42%) of the total sales for the year and sales to the largest customer included therein amounted to 10% (2012: 9%). Purchases from the Group's five largest suppliers accounted for less than 64% (2012: 39%) of the total purchases for the year and purchases to the largest supplier included therein amounted to 45% (2012: 13%).

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

Directors

The directors of the Company during the year were:

Executive directors:
Mr. Chu Ming Chuan
Ms. Liu Yuk Ming
Ms. Lam Ching Fun

Independent non-executive directors:
Professor Fung Kwok Pui
Mr. Lee Kwan Hung
Mr. Yue Man Yiu Matthew

According to article 84 of the Company's articles of association, Professor Fung Kwok Pui, Mr. Lee Kwan Hung and Mr. Yue Man Yiu Matthew will retire by rotation at the forthcoming annual general meeting and all the retiring directors will be eligible and offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from all the three independent non-executive directors and as at the date of this report still considers them to be independent.

Directors' and senior management's biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 7 to 10 of the annual report.

Directors' service contracts

Each of the executive directors of the Company entered into a service contract with the Company for an initial term of three years commencing from 23 March 2009 and may only be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing at end of the initial term or at any time thereafter.

The Company has issued a letter of appointment to each of the independent non-executive directors of the Company for an initial term of one year commencing from 23 March 2013.

Directors' remuneration

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

Directors' interests in contracts

Save as the transactions set out in the section "Continuing connected transactions" and in note 31(a) to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests and short positions in shares and underlying shares

At 31 March 2013, 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:

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

Long positions in shares and underlying shares of associated corporations:

Name of director	**Name of associated corporation**	**Capacity and nature of interest**	**Percentage of the associated corporation's issued share capital**
Mr. Chu	Art Rich Management Limited ("AR Management")	Directly beneficially owned	97%
	AR Management (note (b))	Deemed interest	3%

Notes:

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

(b) AR Management is a holding company of the Company and is owned as to 97% by Mr. Chu and 3% by Mrs. Chu. Mr. Chu is also deemed to be interested in the shares of AR Management held by Mrs. Chu.

Save as disclosed above, as at 31 March 2013, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares

At no time during the year were rights to acquire benefits by means of acquisition of shares in the Company granted to any director or their respective spouses or minor children, or were such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 27 to the financial statements. No share options had been granted under the Scheme since the Scheme became effective.

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

At 31 March 2013, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Long positions:				
AR Management	(a)	Directly beneficially owned	225,000,000	56.25%
Mr. Chu		Directly beneficially owned	594,000	0.15%
	(a)	Through a controlled corporation	225,000,000	56.25%
			225,594,000	56.40%
Mrs. Chu	(a)	Through a controlled corporation	225,000,000	56.25%
Lam Lai Ming	(b)	Through a controlled corporation	42,508,000	10.63%
Li Gabriel	(b)	Through a controlled corporation	42,508,000	10.63%
YM Investment Limited	(c), (d)	Through a controlled corporation	42,508,000	10.63%
Orchid Asia IV Group Management, Limited	(c)	Through a controlled corporation	39,200,000	9.80%
Orchid Asia IV Group, Limited	(c)	Through a controlled corporation	39,200,000	9.80%
Orchid Asia IV Investment, Limited	(c)	Through a controlled corporation	39,200,000	9.80%
Orchid Asia IV, L.P.	(c)	Directly beneficial owned	39,200,000	9.80%

Notes:

(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 in which Mrs. Chu is interested and Mrs. Chu is also deemed to be interested in the shares of AR Management in which Mr. Chu is interested.

(b) Li Gabriel and Lam Lai Ming were the founders of a discretionary trust, YM Investment Limited and were therefore deemed to be interested in the same shares held by it.

(c) Orchid Asia IV, L.P. holds 39,200,000 shares in the Company. YM Investment Limited was the ultimate holding company of Orchid Asia IV, L.P.. The immediate holding company of Orchid Asia IV, L.P. was Orchid Asia IV Group Management, Limited. Orchid Asia IV Group Management, Limited was in turn a wholly-owned subsidiary of Orchid Asia IV Group, Limited, which was a wholly-owned subsidiary of Orchid Asia IV Investment, Limited. As YM Investment Limited owned approximately 92.61% of the issued share capital of Orchid Asia IV Investment, Limited, YM Investment Limited was deemed to be interested in the same shares held by Orchid Asia IV, L.P..

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

Save as disclosed above, as at 31 March 2013, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Continuing connected transactions

During the year, the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(a) Lease from Alther Limited ("Alther") in relation to an office in Hong Kong

On 1 April 2012, Artwell Tapioca Limited ("Artwell Tapioca"), a subsidiary of the Company, and Alther, a company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Alther (as landlord) agreed to lease a property located at Unit 612, 6th Floor, Houston Centre, 63 Mody Road, Tsimshatsui East, Kowloon, Hong Kong with a total gross floor area of approximately 120 sq. meter to Artwell Tapioca (as tenant), for business use for a period of two years from 1 April 2012 to 31 March 2014, at an annual rental of HK$387,900.

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

On 28 March 2012, Rizhao Yushun Cassava Co., Ltd. ("Rizhao Yushun"), a subsidiary of the Company, and Rizhao Hotel, a related company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Rizhao Hotel (as landlord) agreed to lease a property located at Eastern portion of 4th Floor, Rizhao Hotel, No. 96 Xing Hai Road, Rizhao City, Shangdong Province, the PRC with a total gross floor area of approximately 56 sq. meter to Rizhao Yushun (as tenant) for office and operational uses for a period of three years from 1 April 2012 to 31 March 2015, at an annual rental of RMB132,000 (equivalent to approximately HK$163,500).

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

On 28 March 2012, Rizhao Yushun and Yafa Enterprise, a company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Yafa Enterprise (as landlord) agreed to lease a property located at Unit 301, West Wing, No. 5 Xixia Road, Lianyungang District, Lianyungang City, Jiangsu Province, the PRC with a total gross floor area of approximately 57 sq. metre to Rizhao Yushun (as tenant) for office and operational uses for a period of three years from 1 April 2012 to 31 March 2015 at an annual rental of RMB42,000 (equivalent to approximately HK$52,000).

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

On 28 March 2012, Rizhao Yushun and Mr. Chu entered into a lease agreement, pursuant to which Mr. Chu (as landlord) agreed to lease a property located at Unit 3203, 32nd Floor, Block 1, No. 37 Donghai Xi Road, Shinan District, Qingdao City, Shangdong Province, the PRC with a total gross floor area of approximately 114.04 sq. metre to Rizhao Yushun (as tenant) as staff quarters for a period of three years from 1 April 2012 to 31 March 2015, at an annual rental of RMB132,000 (equivalent to approximately HK$163,500).

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

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

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

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

(g) Management fee to Jinan Yaxin

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

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

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

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

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

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

The independent non-executive directors have reviewed the Aja-Art Rich Arrangements and confirmed that the Aja-Art Rich Arrangements have remained unchanged and that no dividends or other distributions have been made by Global Property to Mr. Aja during the year, which is fair and reasonable so far as the Group is concerned and in the interests of the shareholders as a whole.

The Company's independent auditors have reviewed the transactions carried out pursuant to the Aja-Art Rich Arrangements and confirmed that the economic interest generated by Global Property flowed to the Group was in accordance with the criteria and principles set out under the Aja-Art Rich Arrangements and was properly approved by the directors of Global Property and that no dividends or other distributions have been made by Global Property save as to the Group.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report, being the latest practicing date prior to the date of this report.

Competing business

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

Non-competition undertaking

Mr. Chu and AR Management, as covenantors (collectively, the "Covenantors"), have entered into a deed of non-competition in favour of the Company on 18 February 2009 (the "Non-competition Deed"), pursuant to which each of the Covenantors has irrevocably and unconditionally undertaken to and covenanted with the Company (for itself and for the benefit of the members of the Group) that during the continuation of the Non-competition Deed that each of the Covenantors shall not, and shall procure each of his/its associates and/or companies controlled by he/it, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to the import and export, distribution and marketing of cassava and business ancillary to any of the foregoing in each case, to be more particularly described or contemplated herein) in Thailand, Hong Kong, Mainland China, Macau, Cambodia and any other country or jurisdiction to which the Group markets, sells, distributes, supplies or otherwise provides such products and/or in which any member of the Group carries on business mentioned above from time to time.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chu Ming Chuan
Chairman
Hong Kong
28 June 2013

Corporate Governance Report

Corporate governance practices

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

Throughout the year ended 31 March 2013, the Company has adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation from the code provision A.2.1 of the Code.

Directors' securities transactions

The Company has adopted a code of conduct (the "Model Code") no less strict than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors.

Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2013.

Board of directors

The Board is responsible for formulating the overall business strategies, monitoring the performance of the management, and overseeing the internal control of the Group. The management is responsible for the daily operations of the Group.

1. Board meetings

During the year ended 31 March 2013 and up to the date of this annual report, the Board of Directors has held four meetings up to the date of this annual report with all existing Directors attended in person or through other electronic means of communications. Notice of at least 14 days has been sent to all Directors for this regular board meeting.

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

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

Minutes of board meetings and meetings of committees are duly kept by the secretary to the Board and freely available for inspection by the directors. Such meeting minutes recorded opinions and suggestions raised by the directors in the meeting. The final versions of such minutes were sent to directors for signing and confirmation.

Transactions in which directors are deemed to be involved in conflict of interests or deemed to be materially interested in will not be dealt with by written resolution. The relevant director will be allowed to attend the meeting but may not express any opinion and will be required to abstain from voting.

2. Composition of the board

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

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

As at 31 March 2013, the Board was consisted of the following six directors:

Executive Directors:
Mr. Chu Ming Chuan *(Chairman)*
Ms. Liu Yuk Ming
Ms. Lam Ching Fun

Independent non-executive Directors:
Professor Fung Kwok Pui
Mr. Lee Kwan Hung
Mr. Yue Man Yiu Matthew

The biographical details of the Directors and relationship between members of the Board are set out in the Directors and Senior Management section on pages 7 to 10 of this annual report.

3. Chairman and chief executive officer

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

4. Appointments, re-election and removal of directors

All of appointments of Executive Directors are subject to retirement and reelection in accordance with the Articles of Association of the Company.

All of the independent non-executive Directors were appointed for a term of one year from 23 March 2013, and are subject to retirement and reelection in accordance with the Articles of Association of the Company.

Directors' training and professional development

During the year, the Directors are provided with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

Board committees

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

1. Audit committee

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

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

The Audit Committee has held three meeting during the year and up to the date of this annual report with all members of the committee attended. At the meetings, the committee has, inter alia, reviewed the consolidated financial statements of the Group for the six months ended 30 September 2012 and for the two years ended 31 March 2012 and 2013, respectively, together with the Group's accounting policies and practices as well as the effectiveness of the Group's internal control systems.

2. Remuneration committee

The Company has established the Remuneration Committee on 18 February 2009 in compliance with the Listing Rules. The primary duties of the Remuneration Committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management. The term of reference of the Remuneration Committee was published on the Group's website.

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

During the year ended 31 March 2013, there was one meeting held by the Remuneration Committee with all members of the committee attended.

3. Nomination committee

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

During the year ended 31 March 2013, there was one meeting held by the Nomination Committee with all members of the committee attended.

Corporate governance functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. To develop and review the Group's policies and practices on corporate governance and make recommendations;

2. To review and monitor the training and continuous professional development of directors and senior management;

3. To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

4. To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

5. To review the Group's compliance with the Code and disclosure requirements in the Corporate Governance Report.

Accountability and audit

Financial reporting

The Directors acknowledge their responsibility to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders in a timely manner. The Directors are responsible for ensuring that the Group maintains accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance ("Companies Ordinance"), the Hong Kong Financial Reporting Standards ("HKFRSs") and all applicable disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2013, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate HKFRSs which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable.

The Board is committed to providing a balanced, clear and comprehensible assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of interim and annual results announcements reflects the Board's commitment to provide transparent and up-to-date disclosures of the results of the Group.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Group's annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The responsibilities of the external auditors with respect to financial reporting are set out in the Independent Auditors' Report attached to the Company's Annual Report.

For the year ended 31 March 2013, the total fee paid/payable to the external auditors of the Company, Ernst & Young, in respect of audit services is set out below:

	For the year ended 31 March 2013 HK$'000
Audit services	
Annual audit services	980

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval from the Board and the shareholder at the general meetings of the Company.

Company secretary

Company Secretary: Mr. Shum Shing Kei (fellow member of the Hong Kong Institute of Certified Public Accountants). During the year ended 31 March 2013, Mr. Shum has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

Internal control

The Board is responsible to maintain sound internal control system and review its effectiveness in the Company. The internal control procedures and practices have been designed to safeguard the assets of the Company, ensure maintenance of proper accounting records, and ensure compliance with applicable laws, rules and regulations.

For the year ended 31 March 2013, the Board has conducted annual review of (i) all material controls of the Company, including financial, operational and compliance controls and risk management functions; and (ii) the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget. Therefore the Board considers that the Company's internal control system is adequate and effective to provide reasonable assurance against misstatements or losses, and is in accordance with the code provisions on internal control of the CG Code.

Shareholder rights

General meeting

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, their duly appointed delegates are available to answer questions at the shareholders' meetings. Auditor of the Company is also invited to attend the Company's AGM and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditor's Report. Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

Notice of AGM together with related papers are sent to the shareholders at least 20 clear business days before the meeting, setting out details of each proposed resolution, voting procedures and other relevant information. All votes of shareholders at the general meeting will be decided by poll. The Chairman will demand that all resolutions put to the vote at the AGM will be taken by poll and will explain such rights and procedures during the AGM before voting on the resolutions. An independent scrutineer will be appointed to count the votes and the poll results will be posted on the websites of the Company and the Stock Exchange after the AGM.

Shareholders of the Company can make a requisition to convene an extraordinary general meeting ("EGM") pursuant to Article 58 of the Company's Articles of Association. The procedures for the shareholders to convene an EGM are as follows:

1. One or more shareholders ("Requisitionist") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the directors for the transaction of any business specified in such requisition.

2. Such requisition shall be made in writing to the directors or the company secretary of the Company at all of the following addresses:

   Head office of the Company
   Address: Room 612-613, 6/F., Houston Centre, 63 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
   Attention: Company Secretary

   Registered office of the Company
   Address: Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
   Attention: Company Secretary

3. The EGM shall be held within two months after the deposit of such requisition.

4. If the directors fail to proceed to convene such meeting within 21 days of such deposit, the Requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the Requisitionist as a result of the failure of the directors shall be reimbursed to the Requisitionist by the Company.

Investors relations

The Board and senior management recognize their responsibility to represent the interests of all shareholders and to maximize shareholder's value and have made the following commitments to the Group:

- continuing effort to maintain long-term stability and growth in shareholder value and return on investment;
- responsible planning, establishment and operation of the Group's core businesses;
- responsible management of the Group's investment and business risks; and
- true, fair and detailed disclosure of the financial position and operating performance of the Group.

The Group believes that shareholders' rights should be well respected and protected. The Group endeavors to maintain good communications with shareholders on its performance through interim reports, annual reports, general meetings and public disclosure on the Company's website, so that they may make an informed assessment of their investments and exercise their rights as shareholders. The Group also encourages shareholders' participation through general meetings or other means.

Independent Auditors' Report

To the shareholders of Asia Cassava Resources Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Asia Cassava Resources Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 32 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
28 June 2013

Consolidated Statement of Comprehensive Income

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
REVENUE	5	**3,913,185**	1,960,579
Cost of sales		**(3,491,526)**	(1,720,324)
Gross profit		**421,659**	240,255
Other income	5	**7,469**	6,164
Fair value gain on investment properties	15	**600**	618
Selling and distribution expenses		**(305,671)**	(163,442)
General and administrative expenses		**(43,338)**	(41,324)
Impairment loss of a vessel	14	**(24,782)**	–
Other operating expenses, net		**(5,460)**	(3,035)
Finance costs	6	**(15,205)**	(9,028)
PROFIT BEFORE TAX	7	**35,272**	30,208
Income tax expense	10	**(4,659)**	(4,722)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	11	**30,613**	25,486
OTHER COMPREHENSIVE INCOME			
Gains on property revaluation		**647**	622
Income tax effect		**(106)**	(103)
		541	519
Exchange differences arising on translation of foreign operations		**164**	590
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**705**	1,109
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**31,318**	26,595
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted (HK cents)		**7.65**	6.37

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

Consolidated Statement of Financial Position

31 March 2013

	Notes	31March 2013 HK$'000	31March 2012 HK$'000 (Restated)	1 April 2011 HK'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	**35,672**	81,609	80,587
Investment properties	15	**51,910**	51,310	50,692
Available-for-sale investment	17	**9,287**	–	–
Prepayments, deposits and other receivables	21	**23,325**	1,992	–
Total non-current assets		**120,194**	134,911	131,279
CURRENT ASSETS				
Inventories	19	**344,927**	382,566	330,366
Trade and bills receivables	20	**198,636**	212,953	283,182
Prepayments, deposits and other receivables	21	**146,904**	38,589	20,729
Pledged deposits	22	**128,769**	–	–
Cash and cash equivalents	22	**138,698**	142,810	88,173
		957,934	776,918	722,450
Non-current assets classified as held for sale	18	**30,615**	–	–
Total current assets		**988,549**	776,918	722,450
CURRENT LIABILITIES				
Trade and other payables and accruals	23	**40,094**	61,306	164,486
Interest-bearing bank borrowings	24	**477,313**	287,361	140,556
Tax payables		**33,962**	32,195	28,545
Total current liabilities		**551,369**	380,862	333,587
NET CURRENT ASSETS		**437,180**	396,056	388,863
TOTAL ASSETS LESS CURRENT LIABILITIES		**557,374**	530,967	520,142
NON-CURRENT LIABILITIES				
Deferred tax liabilities	25	**2,383**	2,294	2,064
Net assets		**554,991**	528,673	518,078
EQUITY				
Equity attributable to owners of the Company				
Issued capital	26	**40,000**	40,000	40,000
Reserves	28(a)	**509,991**	483,673	462,078
Proposed final dividends	12	**5,000**	5,000	16,000
Total equity		**554,991**	528,673	518,078

Director *Director*

Consolidated Statement of Changes in Equity

Year ended 31 March 2013

		Attributable to owners of the Company									
	Notes	Issued capital HK$'000	Share premium* HK$'000	Contributed surplus* HK$'000 (note (i))	Merger reserve* HK$'000 (note (ii))	Legal reserve* HK$'000 (note (iii))	Asset revaluation reserve* HK$'000	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Proposed final dividends HK$'000	Total equity HK$'000
At 1 April 2011											
As previously reported		40,000	223,709	8,229	(9,773)	46	9,204	2,471	224,338	16,000	514,224
Prior year adjustments	2.2	–	–	–	–	–	–	–	3,854	–	3,854
As restated		40,000	223,709	8,229	(9,773)	46	9,204	2,471	228,192	16,000	518,078
Profit for the year (as restated)		–	–	–	–	–	–	–	25,486	–	25,486
Other comprehensive income for the year:											
Gains on property revaluation, net of tax		–	–	–	–	–	519	–	–	–	519
Exchange differences on translation of foreign operations		–	–	–	–	–	–	590	–	–	590
Total comprehensive income for the year		–	–	–	–	–	519	590	25,486	–	26,595
Transfer		–	–	–	–	–	(401)	–	401	–	–
2011 final dividend declared		–	–	–	–	–	–	–	–	(16,000)	(16,000)
Proposed 2012 final dividend	12	–	–	–	–	–	–	–	(5,000)	5,000	–
At 31 March 2012		40,000	223,709	8,229	(9,773)	46	9,322	3,061	249,079	5,000	528,673

Consolidated Statement of Changes in Equity

Year ended 31 March 2013

		Attributable to owners of the Company											
	Notes	Issued capital HK$'000	Share premium* HK$'000	Contributed surplus* HK$'000 (note (i))	Merger reserve* HK$'000 (note (ii))	Legal reserve* HK$'000 (note (iii))	Asset revaluation reserve* HK$'000	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Proposed final dividends HK$'000	Total HK$'000	Non-controlling interest HK$'000 (note (iv))	Total equity HK$'000
At 1 April 2012													
As previously reported		40,000	223,709	8,229	(9,773)	46	9,322	3,061	245,305	5,000	524,899	–	524,899
Prior year adjustments	2.2	–	–	–	–	–	–	–	3,774	–	3,774	–	3,774
As restated		40,000	223,709	8,229	(9,773)	46	9,322	3,061	249,079	5,000	528,673	–	528,673
Profit for the year		–	–	–	–	–	–	–	30,613	–	30,613	–	30,613
Other comprehensive income for the year:													
Gains on property revaluation, net of tax		–	–	–	–	–	541	–	–	–	541	–	541
Exchange differences on translation of foreign operations		–	–	–	–	–	–	164	–	–	164	–	164
Total comprehensive income for the year		–	–	–	–	–	541	164	30,613	–	31,318	–	31,318
Transfer		–	–	–	–	–	(356)	–	356	–	–	–	–
2012 final dividend declared	12	–	–	–	–	–	–	–	–	(5,000)	(5,000)	–	(5,000)
Proposed 2013 final dividend	12	–	–	–	–	–	–	–	(5,000)	5,000	–	–	–
At 31 March 2013		40,000	223,709	8,229	(9,773)	46	9,507	3,225	275,048	5,000	554,991	–	554,991

Notes:

(i) The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to a group reorganisation (the "Group Reorganisation") prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

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

(iii) In accordance with the provisions of the Macau Commercial Code, the Group's subsidiary incorporated in Macau is required to transfer 25% of the annual net profit to the legal reserve before the appropriation of profits to dividends until the reserve equals half of the capital. This reserve is not distributable to the respective shareholders.

(iv) The Group's non-controlling interest represents 10% of equity interest in subsidiaries, AsiaFame Enterprises Limited and Artsun Resources Company Limited, of HK$10.

* These reserve accounts comprise the consolidated reserves of HK$509,991,000 (2012: HK$483,673,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**35,272**	30,208
Adjustments for:			
Interest income	5	**(2,756)**	(3,112)
Change in fair value of investment properties	15	**(600)**	(618)
Impairment of items of property, plant and equipment		**24,782**	–
Finance costs	6	**15,205**	9,028
Depreciation	7	**4,773**	4,365
		76,676	39,871
Decrease/(increase) in inventories		**37,639**	(52,200)
Decrease in trade and bills receivables		**14,317**	70,229
Increase in prepayments, deposits and other receivables		**(109,637)**	(17,534)
Decrease in trade and other payables and accruals		**(21,212)**	(103,180)
Cash used in operations		**(2,217)**	(62,814)
Interest received		**5,074**	794
Interest paid		**(15,205)**	(9,028)
Dividend paid		**(5,000)**	(16,000)
Hong Kong profits tax refunded		**331**	244
Overseas taxes paid		**(3,240)**	(1,189)
Net cash flows used in operating activities		**(20,257)**	(87,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	14	**(13,492)**	(4,756)
Purchases of an available-for-sale investment		**(9,287)**	–
Prepayment for acquisition of property, plant and equipment		**(10,689)**	–
Cash advances to an available-for-sale investment		**(11,640)**	–
Net cash flows used in investing activities		**(45,108)**	(4,756)

Consolidated Statement of Cash Flows

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**1,762,069**	1,106,585
Repayment of bank loans		**(1,572,117)**	(959,780)
Net cash flows from financing activities		**189,952**	146,805
NET INCREASE IN CASH AND CASH EQUIVALENTS		**124,587**	54,056
Cash and cash equivalents at beginning of year		**142,810**	88,173
Effect of foreign exchange rate changes, net		**70**	581
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	**267,467**	142,810
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**132,328**	96,190
Non-pledged time deposits with original maturity of less three months when acquired	22	**6,370**	46,620
Cash and cash equivalents as stated in the consolidated statement of financial position		**138,698**	142,810
Time deposits with original maturity of less than three months when acquired, pledged as security for bank loans	22	**128,769**	–
Cash and cash equivalents as stated in the statement of cash flows		**267,467**	142,810

Statement of Financial Position

31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	16	**94,475**	94,475
CURRENT ASSETS			
Amounts due from subsidiaries	16	**278,976**	278,884
Prepayments	21	**149**	149
Cash and bank balances	22	**439**	441
Total current assets		**279,564**	279,474
CURRENT LIABILITIES			
Amounts due to subsidiaries	16	**20,429**	20,429
Other payables	23	**94**	94
Total current liabilities		**20,523**	20,523
NET CURRENT ASSETS		**259,041**	258,951
Net assets		**353,516**	353,426
EQUITY			
Issued capital	26	**40,000**	40,000
Reserves	28(b)	**308,516**	308,426
Proposed final dividends	12	**5,000**	5,000
Total equity		**353,516**	353,426

Director *Director*

Notes to Financial Statements

31 March 2013

1. Corporate Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company is Units 612-3 and 617, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The shares of the Company have been listed on the Stock Exchange since 23 March 2009.

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

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

2.1 Basis of Presentation and Consolidation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain land and buildings classified as property, plant and equipment, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 Basis of Presentation and Consolidation *(Continued)*

Basis of consolidation *(Continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 Changes in Accounting Policy and Disclosures

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

2.2 Changes in Accounting Policy and Disclosures *(Continued)*

	2013 HK$'000	2012 HK$'000
Consolidated income statement for the year ended 31 March		
Decrease/(increase) in income tax expense	108	(80)
Increase/(decrease) in profit for the year	108	(80)
Increase/(decrease) in basic and diluted earnings per share (HK cents)	0.03	(0.02)

	2013 HK$'000	2012 HK$'000
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities and total non-current liabilities	(3,882)	(3,774)
Increase in net assets and reserves	3,882	3,774
Consolidated statement of financial position at 1 April 2011		
Decrease in deferred tax liabilities and total non-current liabilities		(3,854)
Increase in net assets and reserves		3,854

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
HK(IFRIC)-Int 21	*Levies*[3]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 April 2013.

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

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

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

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

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 April 2013.

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

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

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 April 2013.

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

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

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

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.4 Summary of Significant Accounting Policies

Subsidiaries

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of non-financial assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;

2.4 Summary of Significant Accounting Policies *(Continued)*

Related parties *(Continued)*

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the cost as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations of land and buildings are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of land and buildings are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2.4 Summary of Significant Accounting Policies *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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

Leasehold land and buildings	2% to 5%
Furniture and fixtures	10% to 33⅓%
Leasehold improvements	Shorter of lease terms and 20%
Machinery and equipment	10% to 25%
Motor vehicles	20% to 25%
Vessel	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Non-current assets classified as held for sale

Assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable.

Assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 Summary of Significant Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss as other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income.

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

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

2.4 Summary of Significant Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement (Continued)

Available-for-sale financial investments (Continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in the profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

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

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

Loans and borrowings

After initial recognition, trade and other payables, finance lease payables and interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Income tax *(Continued)*

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

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

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

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 Summary of Significant Accounting Policies *(Continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

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

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

Dividends

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Borrowing costs

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

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

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

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

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

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

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

(iii) *Impairment of assets*

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

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

Judgements *(Continued)*

(iv) *Income taxes and withholding taxes*

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write off or write down technically obsolete or non-strategy assets that have been abandoned or sold. The carrying amount of property, plant and equipment of the Group at 31 March 2013 was HK$35,672,000 (2012: HK$81,609,000).

(ii) *Estimation of fair value of investment properties and land and buildings*

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

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

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

Estimation uncertainty *(Continued)*

(ii) Estimation of fair value of investment properties and land and buildings (Continued)

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amounts of investment properties and leasehold land and buildings of the Group at 31 March 2013 were HK$51,910,000 (2012: HK$51,310,000) and HK$30,944,000 (2012: HK$20,570,000), respectively.

4. Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the procurement and sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips;

(b) the procurement and sale of thermal coal segment engages in the procurement and sale of thermal coal; and

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

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

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

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. Segment Information *(Continued)*

	Procurement and sale of dried cassava chips HK$'000	Procurement and sale of thermal coal HK$'000	Property investment HK$'000	Total HK$'000
Year ended 31 March 2013				
Segment revenue:				
Sales to external customers	3,850,085	63,100	–	3,913,185
Gross rental income	–	–	1,487	1,487
Total	3,850,085	63,100	1,487	3,914,672
Segment results	50,323	(5,755)	1,744	46,312
Interest and unallocated gains				5,982
Corporate and other unallocated expenses				(1,817)
Finance costs				(15,205)
Profit before tax				35,272
Segment assets	733,427	247	83,776	817,450
Corporate and other unallocated assets				291,293
Total assets				1,108,743
Segment liabilities	516,186	27	1,099	517,312
Corporate and other unallocated liabilities				36,440
Total liabilities				553,752
Other segment information:				
Impairment losses recognised in profit or loss	24,782	–	–	24,782
Depreciation	4,030	–	743	4,773
Capital expenditure	3,022	–	10,470	13,492
Fair value gain on investment properties	–	–	600	600

4. Segment Information *(Continued)*

	Procurement and sale of dried cassava chips HK$'000	Procurement and sale of thermal coal HK$'000	Property investment HK$'000	Total HK$'000
Year ended 31 March 2012				
Segment revenue:				
Sales to external customers	1,821,830	138,749	–	1,960,579
Gross rental income	–	–	1,356	1,356
Total	1,821,830	138,749	1,356	1,961,935
Segment results	33,485	611	1,225	35,321
Interest and unallocated gains				4,808
Corporate and other unallocated expenses				(893)
Finance costs				(9,028)
Profit before tax				30,208
Segment assets	690,316	248	73,186	763,750
Corporate and other unallocated assets				148,079
Total assets				911,829
Segment liabilities	347,743	395	435	348,573
Corporate and other unallocated liabilities				34,583
Total liabilities				383,156
Other segment information:				
Depreciation	3,743	–	622	4,365
Capital expenditure	4,756	–	–	4,756
Fair value gain on investment properties	–	–	618	618

4. Segment Information *(Continued)*

Geographical information

(a) *Revenue from external customers*

	2013 HK$'000	2012 HK$'000
Hong Kong	**1,487**	1,356
Mainland China	**3,756,497**	1,960,579
Thailand	**156,688**	–
	3,914,672	1,961,935

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

(b) *Non-current assets*

	2013 HK$'000	2012 HK$'000
Hong Kong	**95,464**	61,364
Mainland China	**2,302**	13,976
Thailand	**13,141**	1,357
Unallocated	**–**	58,214
	110,907	134,911

In the prior year, the vessel (included in property, plant and equipment) was primarily utilised across geographical markets for shipment of dried cassava chips throughout the world. Accordingly, it was impractical to present the locations of the vessel by geographical area and thus the vessel is presented as an unallocated non-current asset.

The information of the remaining non-current assets above is based on the locations of assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately HK$377,179,000 (2012: HK$178,294,000) was derived from sales by the procurement and sale of the dried cassava chips segment to a single customer.

5. Revenue and Other Income

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

An analysis of revenue is as follows:

	2013 HK$'000	2012 HK$'000
Revenue		
Sales of dried cassava chips	**3,850,085**	1,821,830
Sales of thermal coal	**63,100**	138,749
	3,913,185	1,960,579

An analysis of other income is as follows:

	2013 HK$'000	2012 HK$'000
Other income		
Bank interest income	**2,756**	794
Other interest income	**–**	2,318
Gross rental income	**1,487**	1,356
Rental income from vessel, net of direct operating expenses	**943**	1,018
Other income from insurance claim	**2,031**	–
Others	**252**	678
	7,469	6,164

6. Finance Costs

An analysis of finance costs is as follows:

	2013 HK$'000	2012 HK$'000
Interest on bank loans and overdrafts	**15,205**	9,028

7. Profit Before Tax

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

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	**3,491,526**	1,720,324
Depreciation (note 14):	**4,773**	4,365
Auditors' remuneration	**1,103**	900
Employee benefit expenses (including directors' remuneration (note 8)):		
Wages and salaries	**15,526**	13,753
Pension scheme contributions*	**879**	539
	16,405	14,292
Rental income on investment properties less direct operating expense of HK$5,000 (2012: HK$5,000)	**(1,482)**	(1,351)
Minimum lease payments under operating leases in respect of storage facilities and office premises	**3,347**	3,811
Contingent rent under operating leases in respect of storage facilities	**5,276**	6,400
Foreign exchange gain, net	**(14,252)**	(2,040)

* As at 31 March 2013, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2012: Nil).

8. Directors' and Chief Executives's Remuneration

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

	Group	
	2013 HK$'000	2012 HK$'000
Fees	**468**	468
Other emoluments:		
Salaries, allowances and benefits in kind	**1,368**	1,329
Pension scheme contributions	**45**	36
	1,413	1,365
	1,881	1,833

8. Directors' and Chief Executives's Remuneration *(Continued)*

Year ended 31 March 2013

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:				
Chu Ming Chuan	–	494	15	509
Liu Yuk Ming	–	454	15	469
Lam Ching Fun	–	420	15	435
	–	1,368	45	1,413
Independent non-executive directors:				
Lee Kwan Hung	180	–	–	180
Yue Man Yiu Matthew	144	–	–	144
Fung Kwok Pui	144	–	–	144
	468	–	–	468
	468	1,368	45	1,881

Year ended 31 March 2012

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:				
Chu Ming Chuan	–	494	12	506
Liu Yuk Ming	–	432	12	444
Lam Ching Fun	–	403	12	415
	–	1,329	36	1,365
Independent non-executive directors:				
Lee Kwan Hung	180	–	–	180
Yue Man Yiu Matthew	144	–	–	144
Fung Kwok Pui	144	–	–	144
	468	–	–	468
	468	1,329	36	1,833

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included one (2012: two) director, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2012: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	**2,625**	1,949
Pension scheme contributions	**51**	36
	2,676	1,985

The remuneration of non-director and non-chief executive highest paid employees is within the following bands:

	2013 Number of individuals	2012 Number of individuals
0 – HK$1,000,000	**3**	2
HK$1,000,001 – HK$1,500,000	**1**	1
	4	3

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2013 **HK$'000**	2012 HK$'000 (Restated)
Current - Hong Kong	**4,676**	3,890
Current - Elsewhere	**–**	705
Deferred (note 25)	**(17)**	127
Total tax charge for the year	**4,659**	4,722

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries/jurisdictions in which the Company and its subsidiaries are domiciled to the tax charge for the year at the group's effective rate is as follows:

	2013 **HK$'000**	2012 HK$'000 (Restated)
Profit before tax	**35,272**	30,208
Tax at the statutory tax rates of 16.5% (2012: 16.5%)	**5,820**	4,984
Lower tax rates for other countries/jurisdiction	**(848)**	(56)
Income not subject to tax	**(12,338)**	(4,098)
Expenses not deductible for tax	**9,585**	4,057
Tax loss not recognised	**1,635**	60
Tax loss utilised from previous period	**(105)**	(651)
Others	**910**	426
Income tax expense at the Group's effective tax rate of 13.2% (2012: 15.6%)	**4,659**	4,722

11. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 31 March 2013 includes a profit of HK$5,090,000 (2012: HK$4,130,000) which has been dealt with in the financial statements of the Company (note 28(b)).

12. Dividends

	2013	2012
	HK$'000	HK$'000
Proposed final – HK1.25 cents (2012: HK1.25 cents) per ordinary share	**5,000**	5,000

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

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

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 400,000,000 (2012: 400,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

14. Property, Plant and Equipment

Group

	Leasehold land and buildings HK$'000	Furniture, fixtures and leasehold improvements HK$'000	Machinery and equipment HK$'000	Vessel and motor vehicles HK$'000	Total HK$'000
At 1 April 2012:					
Cost or valuation	20,570	787	2,035	68,493	91,885
Accumulated depreciation	–	(613)	(1,562)	(8,101)	(10,276)
Net carrying amount	20,570	174	473	60,392	81,609
At 1 April 2012, net of accumulated depreciation	20,570	174	473	60,392	81,609
Additions	10,470	–	1,933	1,089	13,492
Impairment	–	–	–	(24,782)	(24,782)
Depreciation provided during the year	(743)	(6)	(369)	(3,655)	(4,773)
Revaluation	647	–	–	–	647
Non-current assets classified as held for sale (note 18)	–	–	–	(30,615)	(30,615)
Exchange realignment	–	–	94	–	94
At 31 March 2013, net of accumulated depreciation	30,944	168	2,131	2,429	35,672
At 31 March 2013:					
Cost or valuation	30,944	787	3,968	6,489	42,188
Accumulated depreciation	–	(619)	(1,837)	(4,060)	(6,516)
Net carrying amount	30,944	168	2,131	2,429	35,672
Analysis of cost or valuation:					
At cost	–	787	3,968	6,489	11,244
At 31 March 2013 valuation	30,944	–	–	–	30,944
	30,944	787	3,968	6,489	42,188

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

Group *(Continued)*

	Leasehold land and buildings HK$'000	Furniture, fixtures and leasehold improvements HK$'000	Machinery and equipment HK$'000	Vessel and motor vehicles HK$'000	Total HK$'000
At 1 April 2011:					
Cost or valuation	20,570	787	1,677	64,095	87,129
Accumulated depreciation	–	(606)	(1,264)	(4,672)	(6,542)
Net carrying amount	20,570	181	413	59,423	80,587
At 1 April 2011, net of accumulated depreciation	20,570	181	413	59,423	80,587
Additions	–	–	358	4,398	4,756
Depreciation provided during the year	(622)	(7)	(307)	(3,429)	(4,365)
Revaluation	622	–	–	–	622
Exchange realignment	–	–	9	–	9
At 31 March 2012, net of accumulated depreciation	20,570	174	473	60,392	81,609
At 31 March 2012:					
Cost or valuation	20,570	787	2,035	68,493	91,885
Accumulated depreciation	–	(613)	(1,562)	(8,101)	(10,276)
Net carrying amount	20,570	174	473	60,392	81,609
Analysis of cost or valuation:					
At cost	–	787	2,035	68,493	71,315
At 31 March 2012 valuation	20,570	–	–	–	20,570
	20,570	787	2,035	68,493	91,885

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

Group *(Continued)*

On 28 March 2013, the Group announced the decision of its board of directors to disposal of a vessel, Globe Bright (the "Vessel") registered under the Company's subsidiary, Globe Shipping Limited ("Globe Shipping"). The Vessel, with an carrying amount of HK$55,397,000, was subsequently disposed of for the consideration of US$3,924,995 (equivalent to approximately HK$30,615,000), resulting in an impairment loss of HK$24,782,000 (2012: Nil). Further details of such impairment are disclosed in note 18 to the financial statements.

The Group's leasehold land and buildings included in property, plant and equipment consisted of office premises with net carrying amounts of HK$21,320,000 (2012: HK$20,570,000) situated in Hong Kong and are held under long term leases, an office premises with a net carrying amount of HK$2,876,000 (2012: Nil) situated in Thailand and is held under a medium term lease, and a staff quarter with a carrying amount of HK$6,748,000 (2012: Nil) situated in Mainland China held under a long term lease.

The Group's leasehold land and buildings were revalued individually at 31 March 2013 by Asset Appraisal Limited, independent professionally qualified valuers, at an aggregate open market value of HK$30,944,000 (2012: HK$20,570,000) based on their existing use.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK$18,603,000 (2012: HK$9,430,000).

As at 31 March 2013, the Group's leasehold land and buildings with a carrying value of approximately HK$10,670,000 (2012: HK$10,670,000) were pledged to secure bank loans granted to the Group (note 24 (ii)).

15. Investment Properties

Group

	HK$'000
Carrying amount at 1 April 2011	50,692
Net profit on a fair value adjustment	618
Carrying amount at 31 March 2012 and 1 April 2012	51,310
Net profit on a fair value adjustment	600
Carrying amount at 31 March 2013	51,910

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

	2013 HK$'000	2012 HK$'000
Long term leases in Hong Kong	**40,210**	39,710
Medium term leases in Mainland China	**11,700**	11,600
	51,910	51,310

The Group's investment properties were revalued on 31 March 2013 by Asset Appraisal Limited, independent professionally qualified valuers, totaling at HK$51,910,000 (2012: HK$51,310,000) on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 30(a) to the financial statements.

At 31 March 2013, the Group's investment properties with a carrying value of HK$29,210,000 (2012: HK$29,210,000) were pledged to secure bank loans granted to the Group (note 24(iii)). Further particulars of the Group's investment properties were included on page 94.

16. Investments in Subsidiaries

	Company	
	2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	**94,475**	94,475

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

16. Investments in Subsidiaries *(Continued)*

Particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Artwell Tapioca Limited#	Hong Kong	HK$10,000	–	100	Trading of dried cassava chips
Artsun International Macao Limited#	Macau	MOP100,000	–	100	Trading of dried cassava chips
Rizhao Yushun Cassava. Co., Ltd.#*	People's Republic of China/Mainland China	RMB20,127,312	–	100	Trading of dried cassava chips and collection of debts
Alush (Thailand) Co., Ltd.#	Thailand	THB15,000,000	–	100	Procurement and sale of dried cassava chips
Global Property Connection Co., Ltd.#	Thailand	THB250,000	–	100	Procurement and sale of dried cassava chips
Art Ocean Development Limited#	British Virgin Islands/ Hong Kong	US$1	–	100	Holding of trademarks
Art Rich International Limited#	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
All High Holding Limited#	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding and provision of shipping agency service

16. Investments in Subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Alternative View Investments Limited#	British Virgin Islands/ Hong Kong	US$100	100	–	Investment holding and property investment
Artwell Enterprises Limited#	Hong Kong	HK$15,000,000	–	100	Investment holding, property investment and trading of thermal coal
Art Well Properties Limited	Hong Kong	HK$100	–	100	Property investment
Fine Success Enterprise Limited	Hong Kong	HK$10	–	100	Property investment
Wide Triumph Investment Limited	Hong Kong	HK$10,000	–	100	Property investment
All Praise Limited#	Hong Kong	HK$1	–	100	Tendering of dried cassava chips and property investment
Winsure International Investment Limited#	Hong Kong	HK$2	–	100	Tendering of dried cassava chips, trading of thermal coal and property investment
Globe Shipping Limited#	Hong Kong	HK$1	–	100	Holding of a vessel
Artwell Logistics Limited#	Hong Kong	HK$1	–	100	Dormant

16. Investments in Subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AsiaFame Enterprises Limited#	Hong Kong	HK$100	–	90	Investment holding
Artsun Resources Company Limited#	Hong Kong	HK$1,000	–	90	Dormant

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

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

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

17. Available-for-Sale Investment

	2013 HK$'000	2012 HK$'000
Unlisted equity investment, at cost	**9,287**	–

The above investments consist of investments in equity securities which were designated as an available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 31 March 2013, the Group's unlisted equity investment was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

18. Non-Current Assets Classified as Held for Sale

On 28 March 2013, the Group announced the decision of its board of directors to dispose of a vessel, Globe Bright (the "Vessel"), registered under the Company's subsidiary, Globe Shipping Limited ("Globe Shipping"). Globe Shipping has entered into the disposal agreement with the purchaser to dispose the Vessel for the consideration of US$3,924,995 (equivalent to approximately HK$30,615,000).

The disposal of the Vessel was due to be completed on 22 April 2013. As at 31 March 2013, the Vessel to be disposed of was classified as a non-current assets held for sale.

Details of the Vessel classified as held for sale as at 31 March 2013 are as follows:

	Vessel HK$'000
Cost	63,093
Accumulated depreciation and impairment	(32,478)
Net carrying amount	30,615

19. Inventories

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

20. Trade and Bills Receivables

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

20. Trade and Bills Receivables *(Continued)*

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

	Group	
	2013	2012
	HK$'000	HK$'000
Within 30 days	**161,619**	145,164
30 – 60 days	**37,017**	8,791
61 – 90 days	**–**	31,133
Over 90 days	**–**	27,865
	198,636	212,953

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

21. Prepayments, Deposits and Other Receivables

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**131,827**	13,780	**149**	149
Deposits and other receivables	**38,402**	26,801	**–**	–
	170,229	40,581	**149**	149
Less: Prepayments classified as non-current assets	**(23,325)**	(1,992)	**–**	–
Current portion	**146,904**	38,589	**149**	149

As at 31 March 2013, an amount due from a director and an advance paid to a related company, Jinan Yaxin Real Estate Development Co., Limited which is beneficially owned by a director, Mr. Chu Ming Chuan, included in prepayments, deposits and other receivables of the Group were HK$601,000 (2012: HK$982,000) and HK$1,992,000 (2012: 2,988,000), respectively, with the maximum amounts outstanding during the year of HK$982,000 and HK$2,988,000, respectively. The amount due from a director and the advance paid to the related company are unsecured, interest-free and have no fixed terms of repayment.

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

22. Cash and Cash Equivalents and Pledged Deposits

		Group		Company	
	Note	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Cash and bank balances		**132,328**	96,190	**439**	441
Time deposits		**135,139**	46,620	**–**	–
		267,467	142,810	**439**	441
Less: Time deposits pledged for bank loans	24	**(128,769)**	–	**–**	–
Cash and cash equivalents		**138,698**	142,810	**439**	441

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$163,308,000 (2012: HK$105,813,000), out of which an amount of HK$28,094,000 (2012: HK$59,193,000) is not freely convertible into other currencies. The group is permitted to exchange such amount of RMB for other currencies through banks authorised to conduct foreign exchange business under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

23. Trade and Other Payables and Accruals

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Trade payables	**15,452**	43,075	**–**	–
Other payables	**18,986**	6,238	**94**	94
Accrued liabilities	**5,215**	11,558	**–**	–
Rental deposits received	**441**	435	**–**	–
	40,094	61,306	**94**	94

Based on the invoice date, the trade payables as at the end of the reporting period are aged within 1 month (2012: 1 month). Trade and other payables are non-interest-bearing and have an average term of three months.

24. Interest-Bearing Bank Borrowings

Group

	Effective interest rate (%)	Maturity	2013 HK$'000	Effective interest rate (%)	Maturity	2012 HK$'000
Current						
Bank loans - secured	**1.40 – 2.80**	**On demand**	**477,313**	1.24 – 5.00	On demand	287,361

	Group	
	2013 HK$'000	2012 HK$'000
Analysed into bank borrowings repayable:		
On demand	**477,313**	287,361

Notes:

The Group's bank borrowings are secured by:

(i) pledge of certain of the Group's time deposits amounting to HK$128,769,000 (2012: Nil);

(ii) legal charges over the Group's leasehold land and buildings situated in Hong Kong with a carrying value of HK$10,670,000 (2012: HK$10,670,000) (note 14); and

(iii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK$29,210,000 (2012: HK$29,210,000) (note 15).

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

	2013 HK$'000	2012 HK$'000
United States dollar	**477,313**	243,363
Thai Baht	**–**	43,998
	477,313	287,361

25. Deferred Tax

Deferred tax liabilities

Group	Revaluation of properties HK$'000 (Restated)	Depreciation allowance in excess of related depreciation HK$'000	Total HK$'000 (Restated)
At 1 April 2011	1,465	599	2,064
Deferred tax charged to profit or loss during the year (note 10)	102	25	127
Deferred tax charged to other comprehensive income during the year	103	–	103
At 31 March 2012 and 1 April 2012	1,670	624	2,294
Deferred tax charged/(credited) to profit or loss during the year (note 10)	(70)	53	(17)
Deferred tax charged to other comprehensive income during the year	106	–	106
At 31 March 2013	1,706	677	2,383

The Group has tax losses arising in Hong Kong of HK$10,443,000 (2012: HK$5,334,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

25. Deferred Tax *(Continued)*

Deferred tax liabilities *(Continued)*

At 31 March 2013, there was no significant unrecognised deferred tax liability (2012: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. Share Capital

	2013 **HK$'000**	2012 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
400,000,000 ordinary shares of HK$0.1 each	**40,000**	40,000

27. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme included the Company's directors, employees of the Group and other individuals as determined by the directors on the basis of their contribution to the success of the development and growth of the Group. The Scheme became effective on 23 March 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

27. Share Option Scheme *(Continued)*

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options have been granted since the adoption of the Scheme.

28. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 34 to 35 of the financial statements.

28. Reserves *(Continued)*

(b) Company

	Note	Share premium account HK$'000	Contributed surplus HK$'000	Proposed dividends HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2011		223,709	84,475	16,000	1,112	325,296
Profit for the year		–	–	–	4,130	4,130
2011 final dividend paid		–	–	(16,000)	–	(16,000)
Proposed 2012 final dividend	12	–	–	5,000	(5,000)	–
At 31 March 2012 and 1 April 2012		223,709	84,475	5,000	242	313,426
Profit for the year		–	–	–	5,090	5,090
2012 final dividend paid		–	–	(5,000)	–	(5,000)
Proposed 2013 final dividend	12	–	–	5,000	(5,000)	–
At 31 March 2013		223,709	84,475	5,000	332	313,516

The Company's contributed surplus represents the excess of the fair value of the net assets of the subsidiaries acquired by the company pursuant to the Group Reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

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

29. Major Non-Cash Transactions

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

30. Operating Lease Arrangements

(a) As lessor

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

At 31 March 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**1,090**	1,155
In the second to fifth years, inclusive	**665**	142
	1,755	1,297

(b) As lessee

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

At 31 March 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**3,366**	3,023
In the second to fifth years, inclusive	**334**	2,296
	3,700	5,319

The operating lease rentals of certain warehouses are based on the higher of a fixed rental and a contingent rent based on the volume of inventories handled in the warehouses pursuant to the terms and conditions as set out in the respective rental agreements. As the future handling volume of the warehouses could not be estimated reliably, the relevant contingent rent has not been included above and only the minimum lease commitment has been included in the above table.

31. Related Party Transactions

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

	Notes	2013 HK$'000	2012 HK$'000
Rental expenses paid to related companies*	(i)	1,267	602
Rental expenses paid to a director	(i)	163	163
Management fee paid to a related company*	(ii)	332	–

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

Notes:

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

(ii) The management fee was based on human resources support cost incurred.

(b) Details of the Group's balance with a director, Mr. Chu Ming Chuan amounting to HK$601,000 (2012: HK$982,000) were disclosed in note 21 and the balance was unsecured, interest-free and has no fixed terms of repayment.

(c) Details of an advance paid to a related company amounting to HK$1,992,000 (2012: HK$2,988,000) were disclosed in note 21.

(d) During the year, the Group acquired a subsidiary, AsiaFame Enterprises Limited, from a director at a consideration of HK$90 at par value.

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

	2013 HK$'000	2012 HK$'000
Short term employee benefits	1,368	1,329
Post-employment benefits	45	36
Total compensation paid to key management personnel	1,413	1,365

32. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

Group

	2013			2012
	Loans and receivables	**Available-for-sale financial asset**	**Total**	**Loans and receivables**
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investment	–	9,287	9,287	–
Trade and bills receivables	198,636	–	198,636	212,953
Financial assets included in prepayments, deposits and other receivables	38,402	–	38,402	26,801
Pledged deposits	128,769	–	128,769	–
Cash and cash equivalents	138,698	–	138,698	142,810
	504,505	9,287	513,792	382,564

Company

All of the Company's financial assets as at 31 March 2012 and 2013, including amounts due from subsidiaries and cash and cash equivalents, are categorised as loans and receivables.

Financial liabilities

All of the Group's and the Company's financial liabilities as at 31 March 2012 and 2013, including amounts due to subsidiaries, trade and other payables and accruals and interest-bearing bank borrowings, are categorised as financial liabilities at amortised cost.

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as bills receivable and trade payables, which arise directly from its operations.

It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Foreign currency risk

The Group has no significant foreign currency risk because its business is principally conducted in Hong Kong, Thailand and the PRC and most of the transactions are denominated in the entities' functional currencies in respective countries.

(ii) Credit risk

The Group trades only with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. All customers who wish to trade with the Group need to provide the Group with irrecoverable letters of credit issued by reputable banks or by cash on delivery. Credit limits are set for individual customers. As such, the Group's exposure to bad debts is not significant.

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

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

(iii) Interest rate risk

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

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

	Increase/ (decrease) interest rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	HK$'000	HK$'000
Year ended 31 March 2013			
Hong Kong dollar	1%	(2,677)	–
Hong Kong dollar	(1%)	2,677	–
Year ended 31 March 2012			
Hong Kong dollar	1%	(1,149)	–
Hong Kong dollar	(1%)	1,149	–
THB	1%	(37)	–
THB	(1%)	37	–

* Excluding retained profits

(iv) Liquidity risk

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

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

(iv) Liquidity risk *(Continued)*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted payments.

31 March 2013	**On demand HK$'000**	**Less than 3 months HK$'000**	**Total HK$'000**
Interest-bearing bank borrowings	**477,313**	**–**	**477,313**
Trade and other payables	**–**	**40,094**	**40,094**
	477,313	**40,094**	**517,407**

31 March 2012	On demand HK$'000	Less than 3 months HK$'000	Total HK$'000
Interest-bearing bank borrowings	287,361	–	287,361
Trade and other payables	–	61,306	61,306
	287,361	61,306	348,667

(v) Capital management

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

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

(v) Capital management *(Continued)*

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

	2013 HK$'000	2012 HK$'000 (Restated)
Interest-bearing bank borrowings	477,313	287,361
Less: Cash and cash equivalents	(138,698)	(142,810)
Net debt	338,615	144,551
Total equity	554,991	528,673
Debt-to-equity ratio	61%	27%

34. Comparative Amounts

As further explained in note 2.2 to the financial statements, due to the adoption of HKAS 12 Amendments during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 April 2011 has been presented.

35. Approval of The Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 June 2013.

Particulars of Investment Properties

31 March 2013

Location	Use	Tenure	Attributable interest of the Group
Unit No. 1 on 7th Floor, Houston Centre, 63 Mody Road, Kowloon, Hong Kong	Office building	Long term lease	100%
Unit No. 2 on 7th Floor, Houston Centre, 63 Mody Road, Kowloon, Hong Kong	Office building	Long term lease	100%
Unit 12 on 12th Floor, Seapower Tower, Concordia Plaza, No.1 Science Museum Road, Kowloon, Hong Kong	Office building	Medium term lease	100%
Unit 2 on 5th Floor, Tower A, Mandarin Plaza, No.14 Science Museum Road, Kowloon, Hong Kong	Office building	Long term lease	100%
A factory complex (exclude Unit 1, 2nd Floor, Block 1) No.22 Dongshen Road, E-gong Ling, Pinghu Town, Longgang District, Shenzhen City, Guangdong Province, the PRC	Industrial building	Medium term lease	100%

Summary of Financial Information

Summary of the published results and assets and liabilities of the Group for the last five financial years, prepared on the basis as set out herein, is set out below. The amounts for the years ended 31 March 2009, 2010, 2011 and 2012 in the summary of financial information have been adjusted for the effects of the retrospective changes in the accounting policy affecting deferred tax on investment properties, as detailed in note 2.2 to the financial statements.

Results

	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)
Revenue	**3,913,185**	1,960,579	2,021,862	1,997,132	919,250
PROFIT BEFORE TAX	**35,272**	30,208	92,512	112,329	52,081
Tax	**(4,659)**	(4,722)	(8,709)	(10,133)	(4,589)
Profit for the year	**30,613**	25,486	83,803	102,196	47,492

Assets and Liabilities

	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)
Total assets	**1,108,743**	911,829	853,729	537,079	398,297
Total liabilities	**(553,752)**	(383,156)	(331,797)	(162,787)	(214,235)
	554,991	528,673	521,932	374,292	184,062

This summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in note 2.1 to the financial statements. The consolidated results of the Group for the five years ended 31 March 2009, 2010, 2011, 2012 and 2013, and the consolidated assets and liabilities of the Group as at 31 March 2009, 2010, 2011, 2012 and 2013 are those set out in the published audited financial statements.

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

Corporate Information

Directors

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

Independent Non-executive Directors
Professor Fung Kwok Pui
Mr. Lee Kwan Hung
Mr. Yue Man Yiu Matthew

Authorised Representatives

Mr. Chu Ming Chuan
Mr. Shum Shing Kei

Company Secretary

Mr. Shum Shing Kei

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Website Address

www.asiacassava.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Ltd.
Chiyu Banking Corporation Ltd.
Bank of Communication Co. Ltd., Hong Kong Branch
Bank of China Bangkok Branch
Bangkok Bank Public Company Ltd.
Agricultural Bank of China Limited, Rizhao Branch

Principal Share Registrar and Transfer Office in Cayman Islands

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

Branch Share Registrar and Transfer Office in Hong Kong

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

Registered Office

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

Head Office and Principal Place of Business

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

Stock Code

841