



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
INTERIM REPORT



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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 Hong Kong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Ltd.
Chiyu Banking Corporation Ltd.
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
Wan Chai
Hong Kong

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the period, the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand and sales of dried cassava chips, to customers in the People's Republic of China (the "PRC"). The Group 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\$2,219.6 million for the six months ended 30 September 2013 (the "Current Period"), representing an increase of approximately 101.7% from approximately HK\$1,100.5 million for the corresponding period of previous year. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Period, leading to a significant influence over the market.

The Group's profit for the Current Period amounted to approximately HK\$42.3 million, representing a 496% increase from approximately HK\$7.1 million for the corresponding period of previous year.

REVENUE

Total Revenue of the Group increased by approximately HK\$1,119.1 million or approximately 101% from approximately HK\$1,100.5 million in the corresponding period of previous year to approximately HK\$2,219.6 million in the Current Period. As explained in the Company's annual report for the year ended 31 March 2013, 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") in that year. With continuation of 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 Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

Total cost of sales of the Group increased by approximately HK\$981.0 million, or approximately 101%, from approximately HK\$970.8 million for the corresponding period of the previous year to approximately HK\$1,951.8 million in the Current Period.

Gross profit of the Group increased by approximately HK\$138.1 million, or approximately 106%, from approximately HK\$129.7 million for the corresponding period of previous year to approximately HK\$267.8 million for the Current Period, mainly due to an increase in revenue and an improvement in gross profit margin.

The Group's gross profit margin for the Current Period slightly increased by approximately 0.3 percentage points to approximately 12.1% from approximately 11.8% for the corresponding period of previous year.



Management Discussion and Analysis

SELLING AND DISTRIBUTION COSTS

During the Current Period, the selling and distribution expenses of the Group were approximately HK\$192.3 million (2012: approximately HK\$98.0 million), which comprised mainly ocean freight costs of approximately HK\$152.5 million (2012: approximately HK\$74.8 million) and warehouse, handling and inland transportation expenses of approximately HK\$39.8 million (2012: approximately HK\$23.2 million).

The Group's selling and distribution expenses increased mainly due to increase in revenue. The Group's selling and distribution expenses represented 8.7% of the total sales revenue for the Current Period, compared to that of 8.9% for the corresponding period of previous year.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group increased by approximately HK\$1.2 million from approximately HK\$20.2 million in the corresponding period of previous year to approximately HK\$21.4 million for the Current Period, mainly due to increase in marketing expenses and adjustment of staff costs.

FINANCE COSTS

Finance expenses of the Group increased from approximately HK\$5.6 million for the corresponding period of previous year to approximately HK\$8.7 million for the Current Period due to the increase in the average bank borrowing balance for the Group's operations and the increase in interest rate during the Current Period.

TAXATION

For each of six months ended 30 September 2012 and 2013, the Group's taxations were approximately HK\$0.9 million and HK\$5.8 million, respectively. The effective tax rate of the Group for the Current Period was approximately 12.1% (2012: 11.5%).

PROFIT FOR THE PERIOD

The Group's profit for the Current Period amounted to approximately HK\$42.3 million (2012: approximately HK\$7.1 million).

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2013, the net assets amounted to approximately HK\$597.6 million, representing an increase of approximately HK\$42.6 million from approximately HK\$555.0 million as at 31 March 2013 due to the profit for the Current Period.

Management Discussion and Analysis

Current assets as at 30 September 2013 amounted to approximately HK\$978.7 million (31 March 2013: HK\$988.5 million), including cash and cash equivalents of approximately HK\$123.4 million (31 March 2013: HK\$138.7 million), trade and bills receivables of approximately HK\$220.0 million (31 March 2013: HK\$198.6 million) pledged deposits of approximately HK\$147.4 million (31 March 2013: HK\$128.8 million) and inventories of approximately HK\$174.8 million (31 March 2013: HK\$344.9 million). As at 30 September 2013, the Group had non-current assets of approximately HK\$153.4 million (31 March 2013: HK\$120.2 million) which represented mainly a vessel purchased for the Group's transportation during the Current Period and the properties located in Hong Kong for office and property investment purposes.

The Group's current liabilities as at 30 September 2013 amounted to approximately HK\$532.2 million (31 March 2013: HK\$551.4 million), which comprised mainly trade and other payables and accruals of approximately HK\$62.7 million (31 March 2013: HK\$40.1 million), tax payable of HK\$39.8 million (31 March 2013: HK\$34.0 million) and bank borrowings of approximately HK\$429.6 million (31 March 2013: HK\$477.3 million). The Group's non-current liabilities as at 30 September 2012 included deferred tax liabilities of approximately HK\$2.4 million (31 March 2013: HK\$2.4 million).

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 30 September 2013, the Group had a gearing ratio of 38.0% (31 March 2013: 43.0%). Such decrease is mainly due to the increase in profit for the Current Period and the decrease in bank borrowings at end of the Current Period.

The Group's debtor turnover period is 17.2 days as at 30 September 2013, representing a decrease of 2.0 days from 19.2 days as at 31 March 2013. Such decrease is mainly due to the Group's strengthened trade debtor management during the Current Period.

The Group's inventory turnover period is 24.3 days as at 30 September 2013, representing a decrease of 13.7 days from 38.0 days as at 31 March 2013. 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 orders from customers in coming months prior to the harvest season.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2013, the total number of the Group's staff was approximately 70. The total staff costs (including directors' remuneration) amounted to approximately HK\$8.2 million for the six months ended 30 September 2013. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau and Thailand.

CHARGE ON GROUP ASSETS

As at 30 September 2013, the Group's pledged bank deposit, land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK\$147,400,000 (31 March 2013: HK\$128,769,000), HK\$10,670,000 (31 March 2013: HK\$10,670,000) and HK\$29,210,000 (31 March 2013: 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 30 September 2013, the Group did not have any material contingent liabilities.

EVENT AFTER BALANCE SHEET DATE

On 21 October 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best efforts basis, up to 49,800,000 new Shares to not less than six Placées at a price of HK\$0.685 per Placing Share.

The maximum number of 49,800,000 Placing Shares represent approximately (i) 12.45% of the issued share capital of the Company as at 21 October 2013; and (ii) 11.07% of the issued share capital of the Company as enlarged by the issue of the 49,800,000 Placing Shares.

The Placing was completed on 8 November 2013.

PROSPECT

During the Current Period, for the purpose of increasing market share, the Group continued to perform 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 Period.

Subsequent to 30 September 2013, 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 prior to the commencement of the new harvest season. It enables the Group to secure the supply of dried cassava chips in the coming months.

On 11 July 2013, the Company made an announcement in relation to a disclosable transaction about the agreement for purchase of a vessel at a total cash consideration of US\$4,430,000 (equivalent to approximately HK\$34,554,000) from an independent seller. The consideration for the purchase of the vessel was financed by the internal resources of the Group. As such, the Group restores its ocean transportation ability. Moreover, the Group is able to reduce shipping costs and achieve better efficiency and flexibility in its logistics arrangement and becomes less dependent on its existing carriers which are chartered from other Independent Third Parties.

In addition, the Group’s unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. Currently, 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 Cambodia, Vietnam, 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.

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 30 September 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 south western regions in the 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 north-eastern region in the Mainland China	3,100	–
5. additional general working capital of the Group	5,844	5,844
	<u>59,234</u>	<u>44,152</u>

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

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board do not recommends payment of an interim dividend for the six months ended 30 September 2013 and hence, no closure of register of members is necessary.

SUPPLEMENTARY INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 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:

Name of director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Chu Ming Chuan ("Mr. Chu") (note (a))	594,000	225,000,000	225,594,000	56.40%

Long positions in shares and underlying shares of associated corporations:

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

Notes:

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

Save as disclosed above, as at 30 September 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 period were rights to acquire benefits by means of acquisition of shares in the Company granted to any director or their respective spouses or minor children, or were such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Supplementary Information

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Further details of the Scheme are disclosed in note 27 to the Company’s annual report for the year ended 31 March 2013. No share options had been granted under the Scheme since the Scheme became effective.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2013, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company’s issued share capital
<i>Long positions:</i>				
AR Management	(a)	Directly beneficially owned	225,000,000	56.25%
Mr. Chu	(a)	Through a controlled corporation	225,000,000	56.25%
		Directly beneficially owned	594,000	0.15%
			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 which Mrs. Chu is interested in and Mrs. Chu is also deemed to be interested in the shares of AR Management which Mr. Chu is interested in.
- (b) 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.



Supplementary Information

- (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% in the issued share capital of Orchid Asia IV Investment, Limited, YM Investment Limited was therefore 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 in the Company, respectively. As YM Investment Limited holds the entire direct interest in Orchid Asia Co-investment, Limited and holds indirect 87% interest in Orchid China Master Fund Limited, YM Investment Limited is therefore 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 30 September 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.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING BUSINESS

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

PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES

There were no purchases, redemption or sale of the Company’s listed securities by the Company or its subsidiaries during the Current Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 September 2013, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE

To the knowledge of the Board, the Company has complied with all the code provisions in the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2013, save for the deviation from the code provision A.2.1 of the CG Code.

Supplementary Information

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 of the Board 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.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee held a meeting on 27 November 2013 and has reviewed with the management the accounting principles and practices adopted by the Group, the interim report and interim financial information of the Group for the Current Period and to give recommendations to the Board.

CHANGES IN DIRECTOR'S INFORMATION

Changes in the information of the directors of the Company since the date of the Company's 2012/2013 annual report are set out below:

Mr. Lee Kwan Hung ("Mr. Lee")

Mr. Lee has been appointed as an independent non-executive director of Landsea Green Properties Co., Ltd. (Code: 106), a company listed on the main board of the Stock Exchange, with effect from 31 July 2013.

Professor Fung Kwok Pui ("Professor Fung")

Professor Fung has been resigned as a director of CUCAMed Company Limited, a subsidiary of the Chinese University of Hong Kong Foundation, and a member of the management board of The Hong Kong Institute of Biotechnology Limited, a company wholly controlled by the Council of the Chinese University of Hong Kong.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2013

	Notes	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
REVENUE	4	2,219,645	1,100,509
Cost of sales		(1,951,802)	(970,845)
Gross profit		267,843	129,664
Other income	4	2,760	2,231
Selling and distribution costs		(192,293)	(98,042)
General and administrative expenses		(21,447)	(20,244)
Finance costs		(8,695)	(5,612)
PROFIT BEFORE TAX	5	48,168	7,997
Income tax expense	6	(5,829)	(919)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		42,339	7,078
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		241	384
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		42,580	7,462
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted (HK cents)		10.6	1.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

	<i>Notes</i>	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		80,582	35,672
Investment properties		51,910	51,910
Available-for-sale investments		9,287	9,287
Prepayments, deposits and other receivables		11,640	23,325
Total non-current assets		153,419	120,194
CURRENT ASSETS			
Inventories		174,760	344,927
Trade and bills receivables	8	220,012	198,636
Prepayments, deposits and other receivables		313,162	146,904
Pledged deposits		147,364	128,769
Cash and cash equivalents		123,394	138,698
Non-current assets classified as held for sale		978,692 -	957,934 30,615
Total current assets		978,692	988,549
CURRENT LIABILITIES			
Trade and other payables and accruals	9	62,724	40,094
Interest-bearing bank borrowings		429,642	477,313
Tax payable		39,791	33,962
Total current liabilities		532,157	551,369
NET CURRENT ASSETS		446,535	437,180
TOTAL ASSETS LESS CURRENT LIABILITIES		599,954	557,374
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,383	2,383
Net assets		597,571	554,991
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		40,000	40,000
Reserves		552,571	509,991
Proposed dividends		5,000	5,000
Total equity		597,571	554,991

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Six months ended 30 September 2013

	Attributable to owners of the Company									
	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 dividends HK\$'000	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
Prior year adjustment (note (v))	-	-	-	-	-	-	-	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
Profit for the period	-	-	-	-	-	-	-	7,078	-	7,078
Other comprehensive income for the period: Exchange differences on translation of foreign operations	-	-	-	-	-	-	384	-	-	384
Total comprehensive income for the period	-	-	-	-	-	-	384	7,078	-	7,462
2012 final dividend paid	-	-	-	-	-	-	-	-	(5,000)	(5,000)
At 30 September 2012	40,000	223,709	8,229	(9,773)	46	9,322	3,445	256,157	-	531,135

	Attributable to owners of the Company											
	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 dividends HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000 (note (iv))	Total equity HK\$'000
At 1 April 2013	40,000	223,709	8,229	(9,773)	46	9,507	3,225	275,048	5,000	554,991	-	554,991
Profit for the period	-	-	-	-	-	-	-	42,339	-	42,339	-	42,339
Other comprehensive income for the period: Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	241	-	-	241	-	241
Total comprehensive income for the period	-	-	-	-	-	-	241	42,339	-	42,580	-	42,580
At 30 September 2013	40,000	223,709	8,229	(9,773)	46	9,507	3,466	317,387	5,000	597,571	-	597,571

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Six months ended 30 September 2013

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.
 - (v) The Group firstly adopted HKAS 12 Amendments *Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets* from the accounting year commencing 1 April 2012. 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 to the consolidated statement of financial position as at 1 April 2012 are decrease in deferred tax liabilities and total non-current liabilities by approximately HK\$3,774,000 and increase in net assets and reserves by approximately HK\$3,774,000, respectively.
- * These reserve accounts comprise the consolidated reserves of HK\$552,571,000 (2012: HK\$491,135,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six month ended 30 September 2013

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	54,660	43,233
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(22,534)	(4,120)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(47,671)	(41,222)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,545)	(2,109)
Cash and cash equivalents at beginning of period	138,698	142,810
Effect of foreign exchange rate changes, net	241	384
CASH AND CASH EQUIVALENTS AT END OF PERIOD	123,394	141,085

NOTES TO FINANCIAL STATEMENT

30 September 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 office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

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

2.1 ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These interim condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 March 2013, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretation) for the first time in the current period as disclosed in note 2.2 below.

2.2 IMPACT OF NEW AND REVISED HKFRSs

The Group adopted the new and revised HKFRSs issued by HKICPA for the first time for the current period’s unaudited condensed consolidated financial statements.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits
Amendments to HKFRS 10, HKFRS11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

Notes to Financial Statement

30 September 2013

3. SEGMENT INFORMATION

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

- (a) the property investment segment invests in office space and industrial properties for its rental income potential; and
- (b) the sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips.

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 tax recoverable, cash and cash equivalents, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate assets as these liabilities are managed on a group basis.

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Total HK\$'000
Six months ended 30 September 2013			
Segment revenue:			
Sales to external customers	2,219,645	–	2,219,645
Gross rental income	–	800	800
Total	2,219,645	800	2,220,445
Segment results	54,834	675	55,509
Interest and unallocated gains			1,960
Corporate and other unallocated expenses			(606)
Finance costs			(8,695)
Profit before tax			48,168
Other segment information:			
Depreciation	2,697	–	2,697
Capital expenditure	34,554	–	34,554

Notes to Financial Statement

30 September 2013

3. SEGMENT INFORMATION (Continued)

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Total HK\$'000
Six months ended 30 September 2012			
Segment revenue:			
Sales to external customers	1,100,509	–	1,100,509
Gross rental income	–	727	727
Total	1,100,509	727	1,101,236
Segment results	12,218	675	12,893
Interest and unallocated gains			1,504
Corporate and other unallocated expenses			(788)
Finance costs			(5,612)
Profit before tax			7,997
Other segment information:			
Depreciation	2,399	–	2,399
Capital expenditure	4,120	–	4,120

Notes to Financial Statement

30 September 2013

3. SEGMENT INFORMATION (Continued)

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Total HK\$'000
As at 30 September 2013			
Segment assets	724,084	83,872	807,956
Corporate and other unallocated assets			324,155
Total assets			1,132,111
Segment liabilities	491,222	1,052	492,274
Corporate and other unallocated liabilities			42,266
Total liabilities			534,540
As at 31 March 2013			
Segment assets	733,427	83,776	817,203
Corporate and other unallocated assets			291,540
Total assets			1,108,743
Segment liabilities	516,186	1,099	517,285
Corporate and other unallocated liabilities			36,467
Total liabilities			553,752

Notes to Financial Statement

30 September 2013

3. SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Hong Kong	800	727
Mainland China	2,219,645	1,100,509
	2,220,445	1,101,236

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

(b) Non-current assets

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Hong Kong	89,688	95,464
Mainland China	6,749	2,302
Thailand	13,141	13,141
Unallocated	34,554	–
	144,132	110,907

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

The information of the remaining non-current asset above is based on the location of assets and excludes deferred tax assets and available-for-sale investment.

Notes to Financial Statement

30 September 2013

4. 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:

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Revenue		
Sales of dried cassava chips	2,219,645	1,100,509

An analysis of other income is as follows:

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Other income		
Bank interest income	1,936	798
Gross rental income	800	727
Others	24	706
	2,760	2,231

Notes to Financial Statement

30 September 2013

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Cost of inventories sold	1,951,802	970,845
Depreciation	2,697	2,399
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	7,726	7,046
Pension scheme contributions*	434	268
	8,160	7,314
Rental income on investment properties less direct operating expense of HK\$12,000 (2012: HK\$20,000)	(788)	(707)
Minimum lease payments under operating leases in respect of storage facilities and office premises	1,769	1,908
Contingent rent under operating leases in respect of storage facilities	923	830

6. INCOME TAX

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

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Current – Hong Kong	5,829	919
Total tax charge for the period	5,829	919

Notes to Financial Statement

30 September 2013

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the six months ended 30 September 2013 attributable to ordinary equity holders of the Company and the weighted average number of 400,000,000 (2012: 400,000,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. TRADE AND BILLS RECEIVABLES

It is the Group's policy that all customers who wish to trade with the Group to provide the Group with irrecoverable letters of credit issued by reputable banks, with 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.

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Within 30 days	192,582	161,619
30–60 days	17,542	37,017
61–90 days	–	–
Over 90 days	9,888	–
	220,012	198,636

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.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Trade payables	42,472	15,452
Accrued liabilities and other payables	19,856	24,201
Rental deposits received	396	441
	62,724	40,094

Notes to Financial Statement

30 September 2013

9. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Within 1 month	42,472	15,452

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

10. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

At 30 September 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Within one year	1,646	1,090
In the second to fifth years, inclusive	1,019	665
	2,665	1,755

(b) As lessee

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

At 30 September 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Within one year	1,254	3,366
In the second to fifth years, inclusive	2,612	334
	3,866	3,700

Notes to Financial Statement

30 September 2013

10. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee (Continued)

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

11. COMMITMENTS

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

12. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 30 September	
		2013 HK\$'000	2012 HK\$'000
Rental income received from a related company*	(i)	–	112
Rental expenses paid to related companies*	(ii)	636	284
Rental expenses paid to a director	(ii)	83	68
Management expenses paid to a related company	(iii)	166	498

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

Notes:

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

13. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed financial statements were approved and authorised for issue by the board of directors on 29 November 2013.