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)

2009 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

– Continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC, with a persistent increase in our market share

– Revenue amounted to approximately HK$919 million, representing an increase of 1.7% over the previous year

– Approximately 735,000 tonnes of dried cassava chips were sold, representing an increase of 10.2% over the previous year

– Profit for the year amounted to approximately HK$50.0 million. Profit of cassava-related business for the year amounted to approximately HK$73.2 million, representing an increase of 6.9% over the previous year

– Approximately 163,000 tonnes of dried cassava chips sold to companies in ethanol fuel industry, representing an increase of 91.8% over the previous year

– Recommend a final dividend and a special dividend of HK2 cents per share and HK3 cents per share, respectively, totally HK5 cents per share

The Board of Directors (the "Board") of Asia Cassava Resources Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 together with the comparative figures in 2008.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	*4*	**919,250**	903,560
Cost of sales		**(730,547)**	(665,159)
Gross profit		**188,703**	238,401
Other income and gains	*4*	**11,233**	25,109
Fair value gain/(loss) on investment properties		**(16,859)**	9,070
Deficit on revaluation of own-used properties		**(2,455)**	–
Selling and distribution costs		**(95,398)**	(124,529)
Administrative expenses		**(22,611)**	(16,993)
Finance costs	*5*	**(10,532)**	(14,984)
PROFIT BEFORE TAX	*6*	**52,081**	116,074
Tax	*7*	**(2,074)**	(14,215)
PROFIT FOR THE YEAR		**50,007**	101,859
DIVIDENDS	*8*		
Interim		**–**	75,000
Proposed final		**6,000**	–
Proposed special		**9,000**	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basis (HK cents)		**22.1**	45.1
Diluted (HK cents)		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,978**	21,810
Investment properties		**31,340**	48,199
Deferred tax assets		**1,822**	5,605
Total non-current assets		**47,140**	75,614
CURRENT ASSETS			
Inventories		**47,632**	59,523
Trade and bills receivables	10	**104,140**	27,798
Prepayments, deposits and other receivables		**34,711**	12,839
Due from related companies		**–**	43,961
Cash and cash equivalents		**164,674**	45,340
Total current assets		**351,157**	189,461
CURRENT LIABILITIES			
Trade and other payables and accruals	11	**77,481**	12,503
Interest-bearing bank borrowings		**112,914**	121,634
Finance lease payable		**47**	128
Tax payable		**15,661**	26,880
Due to a director		**–**	12,085
Due to related companies		**–**	740
Total current liabilities		**206,103**	173,970
NET CURRENT ASSETS		**145,054**	15,491
TOTAL ASSETS LESS CURRENT LIABILITIES		**192,194**	91,105
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**6,967**	8,009
Finance lease payable		**–**	40
Deferred tax liabilities		**2,057**	5,530
Total non-current liabilities		**9,024**	13,579
Net assets		**183,170**	77,526
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**30,000**	–
Reserves		**138,170**	77,526
Proposed dividends		**15,000**	–
Total equity		**183,170**	77,526

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

	Attributable to equity holders of the Company									
	Issued capital *HK$'000*	**Share premium*** *HK$'000*	**Contributed surplus*** *HK$'000*	**Merger reserve*** *HK$'000* *(note (i))*	**Legal reserve*** *HK$'000* *(note (ii))*	**Asset revaluation reserve*** *HK$'000*	**Exchange fluctuation reserve*** *HK$'000*	**Retained profits*** *HK$'000*	**Proposed dividend** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2007	–	–	15,643	(9,773)	–	5,671	(123)	32,752	–	44,170
Exchange realignment	–	–	–	–	–	–	1,339	–	–	1,339
Change in fair value of a building recognised directly in equity	–	–	–	–	–	3,117	–	–	–	3,117
Deferred tax component of asset revaluation reserve	–	–	–	–	–	(545)	–	–	–	(545)
Total income and expenses directly recognised in equity	–	–	–	–	–	2,572	1,339	–	–	3,911
Profit for the year	–	–	–	–	–	–	–	101,859	–	101,859
Total income and expense for the year	–	–	–	–	–	2,572	1,339	101,859	–	105,770
Capital contribution	–	–	2,586	–	–	–	–	–	–	2,586
Transfer to legal reserve	–	–	–	–	46	–	–	(46)	–	–
Interim 2008 dividend paid	–	–	–	–	–	–	–	(75,000)	–	(75,000)
At 31 March 2008	–	–	18,229	(9,773)	46	8,243	1,216	59,565	–	77,526
At 1 April 2008	–	–	18,229	(9,773)	46	8,243	1,216	59,565	–	77,526
Exchange realignment	–	–	–	–	–	–	194	–	–	194
Change in fair value of a building recognised directly in equity	–	–	–	–	–	(4,659)	–	–	–	(4,659)
Deferred tax component of asset revaluation reserve	–	–	–	–	–	868	–	–	–	868
Total income and expenses directly recognised in equity	–	–	–	–	–	(3,791)	194	–	–	(3,597)
Profit for the year	–	–	–	–	–	–	–	50,007	–	50,007
Total income and expense for the year	–	–	–	–	–	(3,791)	194	50,007	–	46,410
Acquisition of subsidiaries pursuant to the Group Reorganisation	10,000	–	(10,000)	–	–	–	–	–	–	–
Issuance of shares	7,500	69,000	–	–	–	–	–	–	–	76,500
Share issue expenses	–	(17,266)	–	–	–	–	–	–	–	(17,266)
Capitalisation issue of shares	12,500	(12,500)	–	–	–	–	–	–	–	–
Proposed 2009 final dividend	–	–	–	–	–	–	–	(6,000)	6,000	–
Proposed 2009 special dividend	–	–	–	–	–	–	–	(9,000)	9,000	–
At 31 March 2009	30,000	39,234	8,229	(9,773)	46	4,452	1,410	94,572	15,000	183,170

Notes:

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

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

* *These reserve accounts comprise the consolidated reserves of HK$138,170,000 (2008: HK$77,526,000) in the consolidated balance sheet.*

Notes:

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.

Pursuant to the group reorganisation for the purpose of the listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company has become the holding company of the subsidiaries now comprising the Group since 18 February 2009 (the "Group Reorganisation"). The details of the Group Reorganisation was set out in the section headed "Corporate Reorganisation" in Appendix V "Statutory and General Information" to the prospectus of the Company dated 26 February 2009 (the "Prospectus") in connection with the Listing. The ordinary shares of the Company were listed on the Stock Exchange on 23 March 2009.

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 BASIS OF PRESENTATION AND CONSOLIDATION

These financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention, except for investment properties and certain land and buildings which have been measured at fair value. These financial statements are presented in Hong Kong dollar and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as a result of the Group Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31 March 2008 and 2009 include the results of the Company and its subsidiaries with effect from 1 April 2007 or since their respective dates of incorporation, where this is a shorter period. The comparative consolidated balance sheet as at 31 March 2008 has been prepared on the basis that the existing Group had been in place at that date. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

In the opinion of the directors the consolidated financial statements prepared on the above basis presented more fairly the results and state of affairs of the Group as a whole.

Comparative amounts have not been presented for the Company's balance sheet and the notes thereto because the Company was not in existence on 31 March 2008.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instrument: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limited on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*

The adoption of these new interpretation and amendments has had no significant financial effect on these financial statements and these have been no significant changes to the accounting policies applied in these financial statements.

2.3 IMPACT OF 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 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 7 Amendments	Amendment to HKFRS *7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* [1]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation and* HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement* [5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate* [1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation* [4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [6]
HKFRSs (Amendments)	*Improvements to HKFRSs* [7]*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods on or after 1 July 2009, the amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for transfers of assets from customers received on or after 1 July 2009
[7] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

* *Improvements to HKFRSs contains amendments to HKFRS 2, HKFRS 5, HKFRS 7, HKFRS 8, HKAS 1, HKAS 7, HKAS 8, HKAS 10, HKAS 16, HKAS 17, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it anticipates that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represented a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are 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.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

	Property investment *HK$'000*	Sale of dried cassava chips *HK$'000*	Combined *HK$'000*
Year ended 31 March 2009			
Segment revenue:			
Sales to external customers	**–**	**919,250**	**919,250**
Gross rental income	**1,524**	**–**	**1,524**
Total	**1,524**	**919,250**	**920,774**
Segment results	**(15,380)**	**102,665**	**87,285**
Interest and unallocated gains			**349**
Corporate and other unallocated expenses			**(25,021)**
Finance costs			**(10,532)**
Profit before tax			**52,081**
Tax			**(2,074)**
Profit for the year			**50,007**
Assets and liabilities			
Segment assets	**31,757**	**276,218**	**307,975**
Corporate and other unallocated assets			**90,322**
Total assets			**398,297**
Segment liabilities	**389**	**64,054**	**64,443**
Corporate and other unallocated liabilities			**150,684**
Total liabilities			**215,127**
Other segment information:			
Depreciation and amortisation	**–**	**338**	**338**
Corporate and other unallocated amounts			**370**
			708
Capital expenditure	**–**	**61**	**61**
Fair value loss on investment properties	**16,859**	**–**	**16,859**
Deficit of revaluation of own-used properties	**2,455**	**–**	**2,455**

	Property investment *HK$'000*	Sale of dried cassava chips *HK$'000*	Combined *HK$'000*
Year ended 31 March 2008			
Segment revenue:			
Sales to external customers	–	903,560	903,560
Gross rental income	1,299	–	1,299
Total	1,299	903,560	904,859
Segment results	10,275	113,872	124,147
Interest and unallocated gains			23,810
Corporate and other unallocated expenses			(16,899)
Finance costs			(14,984)
Profit before tax			116,074
Tax			(14,215)
Profit for the year			101,859
Assets and liabilities			
Segment assets	48,199	101,750	149,949
Corporate and other unallocated assets			115,126
Total assets			265,075
Segment liabilities	36	12,467	12,503
Corporate and other unallocated liabilities			175,046
Total liabilities			187,549
Other segment information:			
Depreciation and amortisation	–	375	375
Corporate and other unallocated amounts			59
			434
Capital expenditure	10,129	896	11,025
Corporate and other unallocated amounts			8,862
			19,887
Fair value gain on investment properties	(9,070)	–	(9,070)

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	Mainland China *HK$'000*	Hong Kong *HK$'000*	Macau *HK$'000*	Thailand *HK$'000*	Total *HK$'000*
Year ended 31 March 2009					
Segment revenue:					
Sales to external customers	**919,250**	**–**	**–**	**–**	**919,250**
Gross rental income	**–**	**1,524**	**–**	**–**	**1,524**
	919,250	**1,524**	**–**	**–**	**920,774**
Other segment information:					
Segment assets	**52,087**	**178,916**	**114,226**	**53,068**	**398,297**
Capital expenditure	**17**	**40**	**4**	**–**	**61**
Year ended 31 March 2008					
Segment revenue:					
Sales to external customers	894,566	–	–	8,994	903,560
Gross rental income	–	1,299	–	–	1,299
	894,566	1,299	–	8,994	904,859
Other segment information:					
Segment assets	48,587	109,137	30,994	76,357	265,075
Capital expenditure	10,129	8,694	7	1,057	19,887

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of other income and gains is as follows:

	2009	2008
	HK$'000	*HK$'000*
Other income		
Management fee income to a related company	**–**	1,800
Bank interest income	**92**	345
Interest income from a related company	**–**	5,000
Gross rental income	**1,524**	1,299
Compensation from a supplier	**9,360**	–
Others	**257**	395
	11,233	8,839
Gains		
Gain on disposal of an available-for-sale investment	**–**	16,205
Gain on disposal of investment properties	**–**	65
	–	16,270
	11,233	25,109

5. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**10,294**	14,814
Interest on bank loans wholly repayable after five years	**218**	156
Interest on finance leases	**20**	14
	10,532	14,984

6. PROFIT BEFORE TAX

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

	2009 *HK$'000*	2008 *HK$'000*
Cost of inventories sold	**730,547**	665,159
Depreciation	**708**	434
Auditors' remuneration	**999**	1,108
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**8,972**	5,544
Pension scheme contributions*	**390**	127
	9,362	5,617
Gross rental income	**(1,524)**	(1,299)
Less: Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**45**	94
Net rental income	**(1,479)**	(1,205)
Minimum lease payments under operating leases in respect of storage facilities and office premises	**2,683**	2,760
Contingent rent under operating leases in respect of storage facilities	**307**	2,524
Foreign exchange differences, net	**3,510**	2,377

* *As at 31 March 2009, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2008: Nil).*

7. TAX

Hong Kong profits tax has been provided at the rates of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009 *HK$'000*	2008 *HK$'000*
Current – Hong Kong	**5,164**	11,151
Current – Elsewhere		
Charge for the year	**1,355**	2,868
Overprovision in prior years	**(5,623)**	–
Deferred	**1,178**	196
Total tax charge for the year	**2,074**	14,215

8. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Proposed final – HK2 cents per ordinary share	**6,000**	–
Proposed special – HK3 cents per ordinary share	**9,000**	–
Dividend distributed by the subsidiaries#	**–**	75,000
	15,000	75,000

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The amount represented dividend declared and paid by the Company's subsidiaries to their then shareholders during the year ended 31 March 2008. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the purpose of these financial statements.

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK$50,007,000 (2008: HK$101,859,000), and the weighted average number of 226,648,252 (2008: 225,000,000) ordinary shares in issue during the year.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2008 includes the pro forma issued share capital of the Company of 225,000,000 shares, comprising:

(i) the 1 share of the Company allotted and issued at nil paid on 8 May 2008;

(ii) the 99,999,999 shares issued as consideration for the acquisition of a subsidiary pursuant to the Group Reorganisation on 18 February 2006; and

(iii) the capitalisation issue of 125,000,000 shares.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2009 includes the weighted average of 1,648,252 shares issued upon the listing of the Company's shares on the Stock Exchange on 23 March 2009 in addition to the aforementioned 225,000,000 ordinary shares.

A diluted earnings per share amounts for the years ended 31 March 2009 and 2008 have not been disclosed as no diluting events existed during these years.

10. TRADE AND BILLS RECEIVABLES

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

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**103,961**	27,798
30 – 60 days	**179**	–
	104,140	27,798

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

Subsequent to the balance sheet date, all the trade and bills receivable had been fully settled.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade and other payables	**55,020**	3,790
Accrued liabilities	**22,091**	8,307
Rental deposits received	**345**	406
Sales receipts in advance	**25**	–
	77,481	12,503

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

12. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

At 31 March 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**918**	1,573
In the second to fifth years, inclusive	**680**	721
	1,598	2,294

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

	2009	2008
	HK$'000	*HK$'000*
Within one year	**2,677**	4,375
In the second to fifth years, inclusive	**2,388**	7,163
	5,065	11,538

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.

CHAIRMAN STATEMENT

With the global economy under the shadow of financial crisis and the rapid declining capital market, the year ended 31 March 2009 (the "Current Year") has been an extraordinary year. Despite the unfavorable external conditions, the Company managed to successfully list its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 March 2009 as scheduled, realizing the efforts and dedication from our Shareholders and business partners for almost 25 years in the past and showing their recognition and support to our leading position in the market.

All industries have been hit with different degree by the financial crisis and the cassava industry is of no exception. In spite of experiencing the impact of various unfavourable factors, the Group managed to achieve satisfactory sales. During the Current Year, the Group achieved accumulative sales of dried cassava chips of approximately 735,000 tonnes, representing a year-on-year growth of 10.2%. The Group has been comfortably occupying the leading position in respect of the sales of Thailand dried cassava chips to the PRC, with a persistent growth in its market share.

During the Current Year, the Group achieved sales revenue of approximately HK$919 million, representing a year-on-year growth of approximately 1.7%; and the profit attributable to the shareholders of the Company was approximately HK$50.01 million. Had the profit and loss from the non-cassava related businesses been excluded, the profit from the cassava business for the Current Year would have been HK$73.20 million, a year-on-year growth of approximately 6.9% over the HK$68.50 million for the previous year. With the efforts and contributions of our management and staff members, as well as the support from all business partners, the Group achieved a growth in terms of sales volume, sales amount and profit from the cassava business as a whole.

The earnings per share of the Current Year were approximately HK22.1 cents. Had the profit and loss from the non-cassava related businesses been excluded, the earnings per share for the cassava business would have been approximately HK32.3 cents. The Company's shares have been listed on the stock Exchange for not more than 10 days up to the year end. However, having taking into consideration the profitability level for the year and the abundant cash position, the Board recommends the payment of a final dividend of HK2 cents per share to pay back the shareholders' support. Moreover, in celebrating the 25th silver anniversary of the establishment of the Group, the Board recommends the payment of a special dividend of HK3 cents per share. Therefore, the Board recommends a payment of dividends totally HK5 cents.

The Group is the largest procurer and exporter of dried cassava chips in Thailand, and is the largest supplier of dried cassava chips in the People's Republic of China (the "PRC"). The Group is dedicated to provide an one-stop service to its customers, including procuring dried cassava chips from the Southeast Asian regions (including Thailand), processing, storage and warehousing, shipping arrangement, and delivery and logistics, and supplying its products under the "Artwell" brand to its customers in the PRC. The imported dried cassava chips in the PRC are mainly used in the production of ethanol. Ethanol produced from dried cassava chips is used in a wide range of applications, such as producing Chinese white wine and chemical products, and is also a major non-grain-based raw material for producing ethanol fuel. The former two usages have strong demands and the latter is experiencing a rapid growth as supported by national policies.

Thailand is the largest exporting country of cassava chips in the world while the PRC is the largest importing country of the same. The two countries are the largest trading partner of each other in cassava chips trading. Under the strong support from both governments, cassava exported from Thailand and imported to China is duty-free at either border. Being the leader of the cassava chips industry in the PRC and Thailand, the Group was among the first to introduce cassava chips to the PRC, and has secured the leading position in the market. From 2001 to 2008, the Group has been the largest procurer and exporter of dried cassava chips in Thailand. The Group's market share in the dried cassava chips market has increased persistently, reflecting the Group's competitive advantage in influencing product pricing.

In the PRC, renewable energy is considered a vital resource of energy, playing an important role in the aspects such as satisfying national energy safety and demand, and reducing environmental pollution. The PRC's policy of "non-competition for grain with people and non-competition for harvest land with grain"《不與民爭糧，不與糧爭地》stipulates that grains such as corn should be used with priority for animal feeds and food so as to guarantee the national food safety. As a result, the use of non-grain feedstock to produce bio-fuel is encouraged by the PRC government. According to《可再生能源中長期發展規劃》("The Mid- and Long-term Development Plan For Renewable Energy") in August 2007, the PRC would cease increasing the production capacity of ethanol fuel using grain feedstock, and target to increase the annual production capacity of ethanol fuel using non-grain feedstock from the current level of less than one million tonnes to 2 million tonnes by 2010 and to 10 million tonnes by 2020. The Group expects that most of the ethanol fuel will be produced by cassava, which would replace corn as the major raw material for ethanol fuel production. This is because cassava is more cost-efficient than corn with producing one tonne of ethanol fuel requiring approximately 3.2 tonnes of corn but approximately 2.9 tonnes of dried cassava chips to produce the same. Assuming all ethanol fuel produced by non-grain feedstock would have used cassava as raw material, producing 2 million tonnes of ethanol fuel would require approximately 5.80 million tonnes of dried cassava chips, forming a booming new demand on top of the import volume of dried cassava chips by the PRC during the Year, representing enormous profitability potential. During 2001 to 2008, the Group has been the largest supplier of imported dried cassava chips in the PRC. During the Year, the Group's sales of dried cassava chips to ethanol producers and other industry players amounted to approximately 160,000 tonnes, representing a year-on-year growth of over 90%, fully demonstrating the status of the Group in the market of ethanol fuel produced by non-grain feedstock.

The Group has established a success-proven integrated business model, which is few in the industry, and is always dedicated to provide an one-stop service to its customers, including sourcing dried cassava chips from the Southeast Asian regions (such as Thailand), processing, storage and warehousing, shipping arrangement, and delivery and logistics, and supplying its products under the "Artwell" brand to its customers in the PRC. The Group also enjoys the following advantages:

(1) **Advantages in procuring and exporting in Thailand** – The Group has pioneered the "365-day open door policy", which guaranteeing procuring cassava chips at open market prices with payments settled in cash throughout the year. It not only secures the income of Thai farmers, it also protects the purchasing network of the Group. The Group has more than 200 suppliers across Thailand, including growers, processors and cassava traders. The Group has also entered into long-term supply contracts with a major supplier in Thailand as well as a supplier in Laos. The Group's lasting dominant position in the Thai market has made the Group's purchase price a major benchmark for the market. The Group has also progressed into upstream processing operations, and operates an exclusive drying yard of nearly 80,000 square meters, which increasingly contributes to the Group and enhances its operational efficiency;

(2) **Advantages in logistics and shipments** – the Group operates three warehouses in Thailand with a total storage capacity of approximately 172,500 tonnes of cassava chips, all of which are conveniently located in the vicinity of the ports facilitating sea shipments. One of the warehouses is equipped with the only conveyor belt for loading cassava chips in Thailand of 3 kilometers long, which enables loading cassava chips directly from the warehouses to the vessels. This significantly shortens the lead time for cargo readiness and reduces losses in weight of its products, therefore enhances the Group's competitiveness. In addition, with its persistent large-scaled shipment volume, the Group is able to fully utilize the capacity of the vessels, and to employ vessels of various capacity, which creates superior competitive advantage for the Group, and advantage in bargaining shipping terms with vessel operators. The average freight cost per unit dropped by 30.6% during the Current Year, representing approximately 8.1% of sales revenue, decreased by 2.6 percentage points from 10.7% of the previous year, revealing the Group's advantages in logistics and shipment. For the new financial year, up to now, the freight costs as a percentage of sales revenue persistently improved; and

(3) **Advantages in sales in the PRC and customer services** – the Group is the largest supplier of imported cassava chips in the PRC. The brand name "Artwell" has enjoyed high reputation in the PRC's cassava industry, with its cassava starch content of 67% or above, which is higher than the industry standard. The Group consistently executes stringent quality control standards during the process of procuring cassava in Southeast Asian regions, including Thailand, to loading and selling cassava, earning the consumer confidence and faith. The Group has established its stable client-base including Henan Tianguan, one of the top four authorized ethanol fuel producers in the PRC, as well as certain listed companies in Hong Kong. Given the Group's leading position in the PRC's cassava industry, its customers are prompted to use mainly letters of credit for settlement, which lowers the Group's credit risk.

The Group is dedicated to enhancing its integrated business model in order to achieve greater synergy, further improve its profitability and accelerate its growth.

Looking ahead, driven by the favorable state policy to promote ethanol fuel industry reform and to encourage ethanol fuel production by non-grain feedstock such as cassava, the Group will actively expand its operation scale, seize the market opportunities and strengthen its market leading position. In terms of developing its upstream operations in Thailand, the Group will set up warehouses and drying yards in the cassava plantation areas, expand its procurement network to increase cassava supply sources, increase its procurement of dried cassava chips and fresh cassava roots, and reduce costs. In terms of developing its supply in Southeast Asia, the Group will set up procurement network and logistics facilities in countries such as Cambodia and Laos. The Group aims to extend and introduce its successful business model in Thailand to these neighbourhood regions in order to increase the production of cassava and to capitalise the huge development potential. In terms of strategically developing its sales network in the PRC, the Group will expand its network coverage to southern and southwestern China, and enhance its marketing and brand promotion in eastern and central China, thus to strengthen and improve the Group's leading position in the PRC's cassava industry.

2009 is the 25th silver anniversary of the Group, and is also the first year since its listing, which marks an important milestone for the Group. To sum up the past and to envisage the future, I, on behalf of the Board, would like to express my sincere appreciation to our Shareholders, business partners, management and staff members for their tremendous contributions over almost 25 years in the past. The Group will dedicate to improving its profitability and creating greater value to our Shareholders.

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 was the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

The Group's revenue amounted to approximately HK$919.3 million for the year ended 31 March 2009 (the "Current Year"), representing an increase of 1.7% from approximately HK$903.6 million for the previous year with approximately 735,000 tonnes of dried cassava chips were sold during the Current Year, representing a 10.2% increase from approximately 667,000 tonnes for the previous year. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips with a persistent increase in our market share for the Current Year. The Group's sales of dried cassava to the companies in ethanol fuel industry increased from approximately 85,000 tonnes for the previous year to approximately 163,000 tonnes for the Current Year, representing a significant growth of 91.8%.

The Group's profit for the Current Year amounted to approximately HK$50.0 million included fair value losses of investment properties of approximately HK$16.9 million and a deficit on revaluation of own-used properties of approximately HK$2.5 million. The Group's profit for the previous year amounted to approximately HK$101.9 million which included fair value gains of investment properties of approximately HK$9.1 million and certain non-recurring items, including a gain on disposal of an available-for-sale investment of approximately HK$16.2 million, management fee received from a related company of HK$1.8 million and interest income from a related company of HK$5.0 million.

Excluding the above non-cassava related gains or losses, the profit of the cassava-related business would have been amounted to approximately HK$73.2 million for the Current Year, representing an increase of 6.9% from approximately HK$68.5 million for the previous year.

Revenue

Revenue of the Group represents the sales of dried cassava chips to external customers in the PRC. Sales can be divided into two categories:

(i) sales from warehouses, where dried cassava chips procured from farmers, processors and traders will first be stored at the Group's leased warehouses in Thailand before the Group arranges for shipment to different customers; and

(ii) direct sales, where, either before or after the receipt of a purchase order, the Group will enter into a sourcing contract with one of its suppliers for dried cassava chips and the products will be shipped to the designated port of delivery to the Group's customers without being stored in the Group's leased warehouses in Thailand.

The following table sets out the breakdown of revenue for different types of sales for the year.

	For the year ended 31 March 2009			**For the year ended 31 March 2008**		
	Sales quantity	**Unit price**	**Revenue**	**Sales quantity**	**Unit price**	**Revenue**
	Tonnes	*HK$*	*HK$'000*	*Tonnes*	*HK$*	*HK$'000*
Sales from warehouse	361,724	1,281	463,231	490,553	1,380	677,160
Direct sales	373,053	1,222	456,019	176,507	1,283	226,400
Total	734,777	1,251	919,250	667,060	1,355	903,560

Revenue of the Group increased by approximately HK$15.7 million, or approximately 1.7%, from approximately HK$903.6 million in the previous year to approximately HK$919.3 million in the Current Year, mainly due to the net effect of (i) a decrease in average unit selling price and (ii) an increase in sales volume.

(i) Average unit selling price:

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

The average unit selling price of the Group's sales from warehouse in the Current Year decreased by approximately HK$99 per tonne, or 7.2% to approximately HK$1,281 per tonne from approximately HK$1,380 per tonne in the previous year.

The average unit selling price of the Group's direct sales in the Current Year decreased by approximately HK$61 per tonne, or 4.8% to approximately HK$1,222 per tonne from approximately HK$1,283 per tonne in the previous year.

(ii) sales volume:

The total quantity of dried cassava chips sold in the Current Year amounted to approximately 735,000 tonnes, representing an increase of approximately 68,000 tonnes, or 10.2%, when compared with that of approximately 667,000 tonnes for the previous year. It was mainly attributable to the increasing demand from the Group's PRC customers, especially those engaging in production of ethanol fuel, during the Current Year. The Group's sales of dried cassava to the companies in ethanol fuel industry increased from approximately 85,000 tonnes for the previous year to approximately 163,000 for the Current Year, representing a significant growth of 91.2%.

The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips with a persistent increase in our market share for the Current Year.

Gross profit and gross profit margin

The following table sets out the breakdown of gross profit for different types of sales for the year.

	For the year ended 31 March 2009			**For the year ended 31 March 2008**		
	Revenue	**Gross profit**	**GP**	**Revenue**	**Gross profit**	**GP**
	HK$'000	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*%*
Sales from warehouse	463,231	126,666	27.3	677,160	188,467	27.8
Direct sales	456,019	62,037	13.7	226,400	49,934	22.1
Total	919,250	188,703	20.5	903,560	238,401	26.4

Gross profit of the Group decreased by approximately HK$49.7 million, or approximately 20.8%, from approximately HK$238.4 million for the previous year to approximately HK$188.7 million for the Current Year, mainly due to the change in sales mix as a result of increase in direct sales proportion and the drop in the gross margin of direct sales. As such, the gross profit margin of the Group for the Current Year decreased by 5.9 percentage points to approximately 20.5% from approximately 26.4% for the previous year.

The gross profit margin of the Group's sales from warehouse for the Current Year decreased slightly by approximately 0.5 percentage points to approximately 27.3% from approximately 27.8% for the previous year. The steady gross profit margin demonstrates the Group's ability in shifting the risk of price changes to the suppliers.

The gross profit margin of the Group's direct sales was generally in the range of 14% to 15% in the past. For the previous year, the Group recorded a gross profit margin of approximately 22.1% because the Group has selectively focused on direct sales transactions with higher margin in order to enhance profit in the circumstances of upward price trend of dried cassava chips in the market and the Group's sophisticated network in procurement and sales. The gross profit margin of the Group's direct sales for the Current Year has returned to the normal level and was approximately 13.7%.

Other income and gains

During the Current Year, other income and gains of the Group amounted to approximately HK$11.2 million, which comprised mainly compensation income from a supplier of approximately HK$9.4 million and gross rental income of approximately HK$1.5 million. For the previous year, other income and gains of the Group amounted to approximately HK$25.1 million, comprising mainly gross rental income of approximately HK$1.3 million and certain non-recurring items, including a gain on disposal of an available-for-sales investment of approximately HK$16.2 million, interest income from a related company of approximately HK$5 million, management fee income from a related company of approximately HK$1.8 million.

Selling and distribution costs

During the Current Year, the selling and distribution expenses of the Group were approximately HK$95.4 million (2008: approximately HK$124.5 million), which comprised mainly ocean freight costs of approximately HK$73.9 million (2008: approximately HK$96.7 million) and warehouse, handling and inland transportation expenses of approximately HK$21.5 million (2008: approximately HK$27.8 million).

The selling and distribution expenses decreased by approximately HK$29.1 million, or approximately 23.4%, from approximately HK$124.5 million in the previous year to approximately HK$95.4 million in the Current Year, mainly due to an decrease in the average unit market ocean freight costs and the Group's ability to negotiating for favourable terms. The average ocean freight costs decreased by approximately 30.3% from approximately HK$145.0 per tonne in the previous year to approximately HK$101 per tonne in the Current Year.

The selling and distribution expenses of the Group represented 10.4% of the total sales revenue for the Current Year, representing a significant improvement of 3.4 percentage points from that of 13.8% for the previous year.

Administrative expenses

Administrative expenses of the Group increased by approximately HK$5.6 million, or approximately 32.9%, from approximately HK$17.0 million in the previous year to approximately HK$22.6 million in the Current Year, mainly due to the increase in salaries and wages as a result of an annual payroll adjustment and increase in staff and other costs for initial public offer purposes.

Finance costs

Finance expenses of the Group decreased by 30.0% from approximately HK$15.0 million for the previous year to approximately HK$10.5 million for the Current Year due to the lowering of market interest rates and the reduction of the average bank borrowing balance by the application of the strong cashflows generated by the Group's operations during the Current Year.

Taxation

For the previous year and the Current Year, the effective tax rates of the Group were 12.2% and 4.0% respectively. The reduction in the Group's effective tax rate in the Current Year was primarily due to (i) more profit earned by the Group's operations in Hong Kong and Macau, which had a lower tax rate of 16.5% for Hong Kong and Nil for Macau when compared with the 30% tax rate in Thailand; and (ii) write-back of over-provision for income tax in Thailand for prior years of approximately HK$5.6 million.

Profit for the year

The Group's profit for the Current Year amounted to approximately HK$50.0 million for the Current Year, deducted from which were fair value losses of investment properties of approximately HK$16.8 million and a deficit on revaluation of own-used properties of approximately HK$2.5 million.

The Group's profit for the previous year amounted to approximately HK$101.9 million for last year, which included fair value gains of investment properties of approximately HK$9.1 million and certain non-recurring items, including a gain on disposal of an available-for-sale investment of approximately HK$16.2 million, management fee from a related company of HK$1.8 million and interest income from a related company of HK$5.0 million.

Excluding the above non-cassava related gains or losses, the profit of the cassava-related business would have been amounted to approximately HK$73.2 million for the Current Year, representing an increase of 6.9% from approximately HK$68.5 million for the previous year.

Financial resources and liquidity

As at 31 March 2009, the net assets amounted to approximately HK$183.2 million, representing an increase of approximately HK$105.7 million from approximately HK$77.5 million as at 31 March 2008 due to the net proceeds from the initial public offering (the "IPO") of the Company's new shares and the Group's profit for the Current Year.

Current assets amounted to approximately HK$351.2 million (2008: HK$189.5 million), including cash and cash equivalents of approximately HK$164.7 million (2008: HK$45.3 million), trade and bills receivables of approximately HK$104.1 million (2008: HK$27.8 million) and inventories of approximately HK$47.6 million (2008: HK$59.5 million). The Group had non-current assets of HK$47.1 million (2008: HK$75.6 million) which are mainly properties located in Hong Kong for office and property investment purposes.

The Group's current liabilities amounted to approximately HK$206.1 million (2008: HK$174.0 million), which comprised mainly trade and other payables and accruals of approximately HK$77.5 million (2008: HK$12.5 million) and bank borrowings of approximately HK$112.9 million (2008: HK$121.6 million). The Group's non-current liabilities included non-current portion of bank borrowings of approximately HK$7.0 million (2008: HK$8.0 million).

The Group expresses its gearing ratio as a percentage of finance leases and borrowings over total assets. As at 31 March 2009, the Group had a gearing ratio of 30.1%, representing a significant improvement of 18.8 percentage points from 49.0% as at 31 March 2008. The improvement is mainly due to the net proceeds from the Group's IPO during the Current Year and profit for the Current Year.

The Group's debtor turnover period is 41.4 days as at 31 March 2009, representing an increase of 30.2 days from 11.2 days as at 31 March 2008. Such increase is mainly because the Group had several shipments of dried cassava chips near 31 March 2009 and the related bills receivables had not been discounted, as usual, before 31 March 2009 due to time constraint. Subsequent to the balance sheet date, all the trade receivables and bills receivables had been fully settled.

The Group's inventory turnover period is 26.8 days as at 31 March 2009, representing a decrease of 28.2 days from 55.0 days as at 31 March 2008. Such decrease is mainly attributable to improvement in operating efficiency and the Group's strategy not to hold excessive inventories when the global financial crisis happened in the first quarter of 2009.

Employment and remuneration policy

As at 31 March 2009, the total number of the Group's staff was approximately 70. The total staff costs (including directors' remuneration) amounted to approximately HK$9.4 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 2009, the Group's land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK$12,900,000 and HK$23,900,000, respectively, were pledged to the bankers to secure the banking facilities granted to the Group.

Foreign currency exposure

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

Contingent liabilities and capital commitment

As 31 March 2009, the Group did not have any material contingent liabilities and capital commitment.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The proceeds from the Company's issue of new shares at the time of its listing on the Stock Exchange on 23 March 2009, after deduction of related issuance expenses, amounted to approximately HK$59,234,000. These proceeds will be applied, in accordance with the proposed applications set out in the Company's Prospectus, as follows:

– approximately HK$39,217,000 for the establishment of warehousing facilities and acquisition or leasing of drying yards in Thailand;

– approximately HK$4,073,000 for the development of the Group's procurement networks and logistics systems beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos;

– approximately HK$7,000,000 for the expansion of the Group's sales networks by establishing storage facilities and promotion and marketing of the Group's products in the southern, central and south western regions in the Mainland China;

– approximately HK$3,100,000 for the development and enhancement of sales network and marketing, including promotion and marketing of its Artwell brand dried cassava chips in the Group's existing network in the north-eastern region in the Mainland China; and

– the balance of approximately HK$5,844,000 to be used as additional general working capital of the Group.

For the period from the date of listing to 31 March 2009, the Company has not yet applied the above proceeds.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board recommends the payment of a final dividend of HK2 cents per share for the year ended 31 March 2009. In addition, in celebrating the 25th silver anniversary of the establishment of the Group, the Board recommends the payment of a special dividend of HK3 cents per share.

Upon approval from the forthcoming annual general meeting to be held on 23 September 2009, the final and special dividends, which are payable to shareholders whose names appear on the register of members of the Company by 4:30 p.m. on 17 September 2009, will be paid on or about 30 September 2009.

The register of members of the Company will be closed from 18 September 2009 to 23 September 2009, both days inclusive, during which period no transfer of shares can be effected. In order to qualify for the proposed final and special dividends, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share registrar in Hong Kong, Tricor Investor Services Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 17 September 2009.

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 Year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 March 2009, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with he required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE

To the knowledge of the Board, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2009.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") for the purposes of reviewing and providing supervision over financial reporting process and internal controls of the Group. The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee held a meeting on 23 July 2009 to consider and review the annual report and annual financial statements of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the annual report and the annual financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

By order of the Board
Chu Ming Chuan
Chairman

Hong Kong, 24 July 2009

As at the date of this announcement, the executive directors of the Company are Mr. Chu Ming Chuan, Ms. Liu Yuk Ming, Mr. Chu Ming Kin, Mr. Chan Yuk Tong and Ms. Lam Ching Fun; the independent non-executive directors of the Company are Mr. Lee Kwan Hung, Professor Fung Kwok Pui and Mr. Yue Man Yiu Matthew.