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ASIA CASSAVA RESOURCES HOLDINGS LIMITED
亞洲木薯資源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 841)

INTERIM RESULTS ANNOUNCEMENT FOR SIX MONTHS ENDED 30 SEPTEMBER 2011

The Board of Directors (the "Board") of Asia Cassava Resources Holdings Limited (the "Company") is pleased to announce the condensed consolidated results of the Company and its subsidiaries (the "Group") for the six month ended 30 September 2011 together with the comparative figures in 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**749,248**	669,335
Cost of sales		**(661,727)**	(544,658)
Gross profit		**87,521**	124,677
Other income and gains	*5*	**2,711**	819
Fair value gain on investment properties		**–**	6,450
Reversal of deficit on revaluation of property, plant and equipment		**–**	150
Selling and distribution costs		**(65,407)**	(60,395)
Administrative expenses		**(15,330)**	(18,133)
Finance costs		**(3,494)**	(1,599)
PROFIT BEFORE TAX	*6*	**6,001**	51,969
Tax	*7*	**(381)**	(3,665)

		Six months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**5,620**	48,304
Other comprehensive income			
Change in fair value of a building recognised directly in equity		**–**	1,247
Deferred tax component of asset revaluation reserve		**–**	(206)
Exchange differences on translation of foreign operations		**695**	430
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**6,315**	49,775
DIVIDEND			
Interim	*8*	**–**	8,800
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basis (HK cents)		**1.4**	13.4
Diluted (HK cents)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2011 HK$'000 (Unaudited)	31 March 2011 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**83,497**	80,587
Investment properties		**50,692**	50,692
Total non-current assets		**134,189**	131,279
CURRENT ASSETS			
Inventories		**136,589**	330,366
Trade and bills receivables	*10*	**192,894**	283,182
Prepayments, deposits and other receivables		**57,970**	20,729
Cash and cash equivalents		**107,470**	88,173
Total current assets		**494,923**	722,450
CURRENT LIABILITIES			
Trade and other payables and accruals	*11*	**33,767**	164,486
Interest-bearing bank borrowings		**56,150**	140,556
Tax payable		**28,738**	28,545
Total current liabilities		**118,655**	333,587
NET CURRENT ASSETS		**376,268**	388,863
TOTAL ASSETS LESS CURRENT LIABILITIES		**510,457**	520,142
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,918**	5,918
Net assets		**504,539**	514,224
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**40,000**	40,000
Reserves		**464,539**	458,224
Proposed dividends		**–**	16,000
Total equity		**504,539**	514,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Issued capital	Share premium*	Contributed surplus*	Merger reserve*	Legal reserve*	Asset revaluation reserve*	Exchange fluctuation reserve*	Retained profits*	Proposed dividend	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
				(note (i))	*(note (ii))*					
At 1 April 2011	40,000	223,709	8,229	(9,773)	46	9,204	2,471	224,338	16,000	514,224
Exchange differences on translation of foreign operations	–	–	–	–	–	–	695	–	–	695
Change in fair value of a building recognised directly in equity	–	–	–	–	–	–	–	–	–	–
Deferred tax component of asset revaluation reserve	–	–	–	–	–	–	–	–	–	–
Total income and expenses directly recognised in equity	–	–	–	–	–	–	695	–	–	695
Profit for the period	–	–	–	–	–	–	–	5,620	–	5,620
Total income and expense for the period	–	–	–	–	–	–	695	5,620	–	6,315
2010 final dividend paid	–	–	–	–	–	–	–	–	(16,000)	(16,000)
At 30 September 2011	40,000	223,709	8,229	(9,773)	46	9,204	3,166	229,958	–	504,539

	Attributable to equity holders of the Company									
	Issued capital *HK$'000* (Unaudited)	Share premium* *HK$'000* (Unaudited)	Contributed surplus* *HK$'000* (Unaudited)	Merger reserve* *HK$'000* (Unaudited) *(note (i))*	Legal reserve* *HK$'000* (Unaudited) *(note (ii))*	Asset revaluation reserve* *HK$'000* (Unaudited)	Exchange fluctuation reserve* *HK$'000* (Unaudited)	Retained profits* *HK$'000* (Unaudited)	Proposed dividend *HK$'000* (Unaudited)	Total equity *HK$'000* (Unaudited)
At 1 April 2010	36,000	140,113	8,229	(9,773)	46	7,136	2,081	166,104	21,600	371,536
Exchange differences on translation of foreign operations	–	–	–	–	–	–	430	–	–	430
Change in fair value of a building recognised directly in equity	–	–	–	–	–	1,247	–	–	–	1,247
Deferred tax component of asset revaluation reserve	–	–	–	–	–	(206)	–	–	–	(206)
Total income and expenses directly recognised in equity	–	–	–	–	–	1,041	430	–	–	1,471
Profit for the period	–	–	–	–	–	–	–	48,304	–	48,304
Total income and expense for the period	–	–	–	–	–	1,041	430	48,304	–	49,775
2010 final dividend paid	–	–	–	–	–	–	–	–	(21,600)	(21,600)
Proposed 2010 interim dividend	–	–	–	–	–	–	–	(8,800)	8,800	–
At 30 September 2010	36,000	140,113	8,229	(9,773)	46	8,177	2,511	205,608	8,800	399,711

Notes:

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

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

* These reserve accounts comprise the consolidated reserve of HK$464,539,000 as at 30 September 2011 (2010: HK$354,911,000) in the condensed consolidated statements of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**79,288**	151,652
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(4,563)**	(13,113)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(84,406)**	(86,084)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(9,681)**	52,455
Cash and cash equivalents at beginning of period	**116,890**	64,005
Effect of foreign exchange rate changes, net	**261**	430
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**107,470**	116,890
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**79,577**	114,690
Non-pledged time deposits with original maturity of less than three months when acquired	**27,893**	2,200
	107,470	116,890

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered office of the “Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the principal activities of the Company and its subsidiaries (collectively the “Group”) are the procurement of dried cassava chips in Southeast Asian countries and the sales of dried cassava chips in Mainland China.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 March 2011, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretation) for the first time in the current period as disclosed in note 3 below.

3. IMPACT OF NEW AND REVISED HKFRSS

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011 , except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time for the current period’s unaudited condensed consolidated interim financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14	Amendments to HK(IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs

The adoption of the new/revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognized.

4. SEGMENT INFORMATION

The Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. The Group has identified two reportable segments for the purposes of resource allocation and performance assessment. Summary details of the reportable segments are as follows:

(a) the property investment segment invests in office and industrial properties for its rental income potential; and

(b) the sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips.

Management monitors the operating results of its operating segments separately for the purposes of making decision about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss in the condensed consolidated financial statements. Group financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

The following tables present revenue, profit/(loss) for the Group's operating segments for six months ended 30 September 2011 and 2010.

	Property investment *HK$'000* (Unaudited)	**Sale of dried cassava chips** *HK$'000* (Unaudited)	**Combined** *HK$'000* (Unaudited)
Six months ended 30 September 2011			
Segment revenue:			
Sales to external customers	–	749,248	749,248
Gross rental income	623	–	623
Total	623	749,248	748,871
Segment results	603	22,139	22,742
Interest and unallocated gains			2,083
Corporate and other unallocated expenses			(15,330)
Finance costs			(3,494)
Profit before tax			6,001
Tax			(381)
Profit for the period			5,620
Other segment information:			
Depreciation and amortisation	–	1,523	1,523
Corporate and other unallocated amounts			130
			1,653
Capital expenditure	–	4,563	4,563
Corporate and other unallocated amounts			–
			4,563

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

5. REVENUE, OTHER INCOME AND GAINS

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

An analysis of other income and gains is as follows:

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**204**	8
Gross rental income	**623**	531
Others	**1,884**	280
	2,711	819

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**661,727**	544,658
Depreciation	**1,653**	1,271
Employee benefit expenses (including directors' remuneration:		
Wages and salaries	**6,866**	5,806
Pension scheme contributions	**110**	120
	6,976	5,926
Gross rental income	**(623)**	(531)
Less: Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**20**	3
Net rental income	**(603)**	(528)
Minimum lease payments under operating leases in respect of storage facilities and office premises	**1,205**	1,954
Contingent rent under operating leases in respect of storage facilities	**80**	80

7. TAX

Hong Kong profits tax has been provided at the rates of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong	**381**	1,490
Current – Elsewhere	**–**	570
Deferred	**–**	1,605
Total tax charge for the period	**381**	3,665

8. DIVIDEND

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Proposed interim – nil cents (2010: HK2.2 cents) per share	**–**	8,800

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

The calculation of basic earnings per share amounts is based on the profit for six month ended 30 September 2011 attributable to ordinary equity holders of the Company of HK$5,620,000 (2010: HK$48,304,000), and the weighted average number of 400,000,000 (2010: 360,000,000) ordinary shares in issue during the period.

A diluted earnings per share amounts for six months ended 30 September 2011 and 2010 have not been disclosed as no diluting events existed during these periods.

10. TRADE AND BILLS RECEIVABLES

It is the Group's policy that all customers who wish to trade with the Group to provide the Group with irrecoverable letters of credit issued by reputable banks, mainly with term within 90 to 180 days at sight, or by cash on delivery (31 March 2011: mainly with term within 90 to 180 days). Credit limits are set for individual customer. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. In view of the aforementioned and the fact that the Group's bills receivable relate to a portfolio of diversified customers, there is no significant concentration of credit risk.

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

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**192,894**	282,769
30 – 60 days	**–**	413
	192,894	283,182

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

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade and other payables	**30,948**	149,673
Accrued liabilities	**2,439**	14,441
Rental deposits received	**380**	372
	33,767	164,486

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2011 (the "Current Period"), the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand and sales of dried cassava chips, to customers in the People's Republic of China (the "PRC"). The Group was the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

The Group's revenue amounted to approximately HK$749.2 million for the Current Period, representing an increase of approximately 11.9% from approximately HK$669.3 million for the previous period. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Period.

The Group's profit for the Current Period amounted to approximately HK$5.6 million, representing a decrease of approximately 88.4% over approximately HK$48.3 million for the previous period. The decrease was mainly because the Chinese Government's stricter control over the price level of corn amidst the rising Consumer Price Index in the PRC, meant that the Group was not able to set its selling prices in line with international cassava chip prices and therefore could not fully pass on the rise in procurement cost to its customers. Nevertheless, the Group's efforts in enhancing its vertically integrated business model resulted in a stable level of selling and distribution expenses during the review period and mitigated the drop in profitability.

Revenue

Revenue of the Group increased by approximately HK$79.9 million, or approximately 11.9%, from approximately HK$669.3 million in the previous period to approximately HK$749.2 million in the Current Period. It was mainly attributable to the increasing demand from the Group's PRC customers, including those engaging in production of ethanol fuel, during the Current Period.

The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Period.

Gross profit and gross profit margin

Cost of sales of the Group, representing the cost of cassava, increased by approximately HK$117.0 million, or approximately 21.5%, from approximately HK$544.7 million for the previous period to approximately HK$661.7 million in the Current Period.

Gross profit of the Group was decreased by approximately HK$37.2 million, or approximately 29.8%, from approximately HK$124.7 million for the previous period to approximately HK$87.5 million for the Current Period. Gross profit margin of the Group for the Current Period was 11.7%, which was decreased compared with those of previous period. During the Current Period, the Group was still affected by the price control measures taken by the PRC Government in response to the increase in the CPI index in Mainland China. The Group was not able to set prices with reference to the international dried cassava chips price. As a result, the Group was not able to fully pass on the rise in procurement cost of dried cassava chips to its customers as usual. Hence, the gross profit margin was decreased.

Selling and distribution costs

During the Current Period, the selling and distribution expenses of the Group were approximately HK$65.4 million (2010: approximately HK$60.4 million), which comprised mainly ocean freight costs of approximately HK$50.9 million (2010: approximately HK$45.1 million) and warehouse, handling and inland transportation expenses of approximately HK$14.5 million (2010: approximately HK$15.3 million).

The selling and distribution expenses of the Group represented 8.7% of the total sales revenue for the Current Period, representing an improvement of 0.3 percentage points from that of 9.0% for the previous period, mainly due to the effect of (i) the usage of owned vessels and (ii) the Group's ability to negotiating for favourable terms for vessel hiring.

Administrative expenses

Administrative expenses of the Group decreased by approximately HK$2.8 million, or approximately 15.5%, from approximately HK$18.1 million in the previous period to approximately HK$15.3 million in the Current Period.

Finance costs

Finance expenses of the Group increased by 118% from approximately HK$1.6 million for the previous period to approximately HK$3.5 million for the Current Period due to the increasing market interest rates and the increase in the average bank borrowing balance during the Current Period.

Profit attributable to ordinary equity holders of the Company

The Group's profit attributable to ordinary equity holders of the Company amounted to approximately HK$5.6 million for the Current Period, compared to HK$48.3 million for the previous period.

Financial resources and liquidity

As at 30 September 2011, the net assets amounted to approximately HK$504.5 million, representing a decrease of approximately HK$9.7 million from approximately HK$514.2 million as at 31 March 2011 due to the profit for the Current Period less the payment of final dividends for previous year.

The Group's current assets as at 30 September 2011 amounted to approximately HK$494.9 million (31 March 2011: HK$722.5 million), including cash and cash equivalents of approximately HK$107.5 million (31 March 2011: HK$88.2 million), trade and bills receivables of approximately HK$192.9 million (31 March 2011: HK$283.2 million) and inventories of approximately HK$136.6 million (31 March 2011: HK$330.4 million). The Group had non-current assets of HK$134.2 million (31 March 2011: HK$131.3 million) which are mainly properties located in Hong Kong for office and property investment purposes and a vessel for transportation purposes.

The Group's current liabilities as at 30 September 2011 amounted to approximately HK$118.7 million (31 March 2011: approximately HK$333.6 million), which comprised mainly trade and other payables and accruals of approximately HK$33.8 million (31 March 2011: approximately HK$164.5 million) and bank borrowings of approximately HK$56.2 million (31 March 2011: approximately HK$140.6 million).

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 30 September 2011, the Group had a gearing ratio of approximately 8.9%, representing a significant improvement of approximately 7.6 percentage points from approximately 16.5% as at 31 March 2011. The improvement is mainly due to the application of surplus cashflow to repay borrowings during the Current Period.

The Group's debtor turnover period is approximately 58.0 days as at 30 September 2011, representing an increase of approximately 20.5 days from approximately 37.5 days as at 31 March 2011. Such increase is mainly because the Group had sufficient working capital from operation so that it is not necessary to discount the related bills receivables as usual. Subsequent to the balance sheet date, all those debtors had been fully received.

The Group's inventory turnover period is approximately 64.8 days as at 30 September 2011, representing an increase of approximately 13.1 days from approximately 51.7 days as at 31 March 2011. Such increase is mainly attributable to the Group's strategy to hold additional inventories for fulfilling the orders from customers in coming months before the harvest season commences. Subsequent to the balance sheet date, all those inventories had been fully sold.

Employment and remuneration policy

The total staff costs (including directors' remuneration) amounted to approximately HK$7.0 million for the period. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau and Thailand.

Charge on group assets

As at 30 September 2011, the Group's land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK$10,670,000 (31 March 2011: HK$10,670,000) and HK$29,210,000 (31 March 2010: 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 and capital commitment

As 30 September 2011, the Group did not have any material contingent liabilities and capital commitment.

Prospect

Leveraging on our broad procurement channels and network and optimised logistics capabilities, the Group is evaluating on extending its procurement business to other resources, including coal. This would enable the Group not only to reduce the market risks of the cassava-related business, but also to broaden the potential profit earning ability of the Group.

The Group's unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. Currently, the Group operates six procurement and warehouse centres strategically located in Thailand and Cambodia with a total capacity of approximately 230,000 tonnes. Looking ahead, the Group plans to establish more procurement and warehouse centres in Cambodia, Laos and elsewhere in order to replicate the proven business model in Thailand. Riding on our broad procurement channels and network together with the warehouse facilities, optimised logistics capabilities and the widespread sales network in the PRC, the Group will continue to enhance its market presence and sustain long-term business growth 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 on 23 March 2009, after deduction of related issuance expenses, amounted to approximately HK$59,234,000. The analysis of the planned and actual use of these proceeds is set out below:

Planned application of IPO proceeds		**Planned use of proceeds in accordance with the Prospectus** *HK$'000*	**Actual use of proceeds up to 30 sep 2011** *HK$'000*
1.	the establishment of warehousing facilities and acquisition or leasing of drying yards in Thailand	39,217	12,710
2.	the development of the Group's procurement networks and logistics systems beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos	4,073	4,073
3.	the expansion of the Group's sales networks by establishing storage facilities and promotion and marketing of the Group's products in the southern, central and south western regions in the Mainland China	7,000	50
4.	the development and enhancement of sales network and marketing, including promotion and marketing of its Artwell brand dried cassava chips in the Group's existing network in the north-eastern region in the Mainland China	3,100	–
5.	additional general working capital of the Group.	5,844	5,844
	Total	59,234	22,677

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

INTERIM DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board does not declare payment of an interim dividend for the Current Period, and hence the register of members of the Company will not be closed.

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 2011, 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 six months ended 30 September 2011.

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 25 November 2011 to consider and review the interim report and interim financial statements of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the interim report and the interim financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

By order of the Board
Asia Cassava Resources Holdings Limited
Chu Ming Chuan
Chairman

Hong Kong, 25 November 2011

As at the date of this announcement, the executive directors of the Company are Mr. Chu Ming Chuan, Ms. Liu Yuk Ming 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.