ASIA CASSAVA RESOURCES HOLDINGS LIMITED
亞洲木薯資源控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code：841）

2013 ANNUAL 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
- Revenue amounted to approximately HK$3,913.2 million, representing an increase of approximately 99.6% over the previous year
- Profit for the year amounted to approximately HK$30.6 million, representing an increase of approximately 20.1% over the previous year
- Recommend a final dividend of HK1.25 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 2013 together with the comparative figures in 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2013

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

Details of the dividends payable and proposed for the year are disclosed in note 8 to the financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2013

	Notes	31 March 2013 HK$'000	31 March 2012 HK$'000 (Restated)	1 April 2011 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		35,672	81,609	80,587
Investment properties		51,910	51,310	50,692
Available-for-sale investment	10	9,287	-	-
Prepayment, deposits and other receivables		23,325	1,992	-
Total non-current assets		120,194	134,911	131,279
CURRENT ASSETS				
Inventories		344,927	382,566	330,366
Trade and bills receivables	11	198,636	212,953	283,182
Prepayments, deposits and other receivables		146,904	38,589	20,729
Pledged deposits		128,769	-	-
Cash and cash equivalents		138,698	142,810	88,173
		957,934	776,918	722,450
Non-current asset classified as held for sale	12	30,615	-	-
Total current assets		988,549	776,918	722,450
CURRENT LIABILITIES				
Trade and other payables and accruals	13	40,094	61,306	164,486
Interest-bearing bank borrowings		477,313	287,361	140,556
Tax payable		33,962	32,195	28,545
Total current liabilities		551,369	380,862	333,587
NET CURRENT ASSETS		437,180	396,056	388,863
TOTAL ASSETS LESS CURRENT LIABILITIES		557,374	530,967	520,142
NON-CURRENT LIABILITIES				
Deferred tax liabilities		2,383	2,294	2,064
Net assets		554,991	528,673	518,078
EQUITY				
Equity attributable to owners of the Company				
Issued share capital		40,000	40,000	40,000
Reserves		509,991	483,673	462,078
Proposed dividends		5,000	5,000	16,000
Total equity		554,991	528,673	518,078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2013

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

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

Notes:

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

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

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

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

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

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 head office and principal place of business of the Company is in Units 612-3 and 617, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

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

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

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

2.1 BASIS OF PRESENTATION AND CONSOLIDATION

These financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. 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 information are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

2.1 BASIS OF PRESENTATION AND CONSOLIDATION (continued)

Basis of consolidation (continued)

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

	2013 HK$'000	2012 HK$'000
Consolidated income statement for the year ended 31 March		
Decrease/(increase) in income tax expense	108	(80)
Increase/(decrease) in profit for the year	108	(80)
Increase/(decrease) in basic earnings per share (HK cents)	0.03	(0.02)
Increase/(decrease) in diluted earnings per share (HK cents)	0.03	(0.02)
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities and total non-current liabilities	(3,882)	(3,774)
Increase in net assets and reserves	3,882	3,774
Consolidated statement of financial position at 1 April 2011		
Decrease in deferred tax liabilities and total non-current liabilities		(3,854)
Increase in net assets and reserves		3,854

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that 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

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

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

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

(c) the sale of thermal coals segment engages in the procurement and sale of thermal coals.

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

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

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

3. SEGMENT INFORMATION (continued)

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

3. SEGMENT INFORMATION (continued)

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

3. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

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

Information about a major customer

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

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:

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

An analysis of other income is as follows:

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

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

6. PROFIT BEFORE TAX

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

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

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

7. 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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

8. DIVIDENDS

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

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

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

The calculation of basic earnings per share is based on the profit for the year 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 year.

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

10. AVAILABLE-FOR-SALE INVESTMENT

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

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

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

11. 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:

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

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

12. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

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

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

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

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

13. TRADE AND OTHER PAYABLES AND ACCRUALS

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

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

14. 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 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

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

14. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

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

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

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

The operating lease rentals of certain warehouses are based on the higher of a fixed rental 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 the warehouses could not be estimated reliably, the relevant contingent rent has not been included above and only the minimum lease commitment has been included in the above table.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employment and remuneration policy
As at 31 March 2013, the total number of the Group's staff was approximately 75. The total staff costs (including directors' remuneration) amounted to approximately HK$15.8 million for the year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau and Thailand.

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

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

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

Prospect

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

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

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

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

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

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$'000	Actual use of proceeds up to 31 March 2013 HK$'000
1. the establishment of warehousing facilities and acquisition of leasing of drying yards in Thailand	39,217	33,031
2. the development of the Group's procurement networks and logistics system beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos	4,073	4,073
3. the expansion of the Group's sales networks by establishing storage facilities and promotion and marketing of the Group's products in the southern, central and 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
	59,234	44,152

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 recommends the payment of a final dividend of HK1.25 cents per share for the year ended 31 March 2013.

Upon approval from the forthcoming annual general meeting to be held on 27 September 2013 (the "AGM"), the final dividends, which are payable to shareholders whose names appear on the register of members of the Company by 4:30 pm on 7 October 2013, will be paid on or about 31 October 2013.

For the purpose of ascertaining shareholders' right to attend and vote at the AGM of the Company, the Register of Members of the Company will be closed from 26 September 2013 to 27 September 2013, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 25 September 2013.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from 4 October 2013 to 7 October 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the AGM), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Investor Services Limited at the address as mentioned above not later than 4:30 p.m. on 3 October 2013.

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 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 as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2013.

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 26 June 2013 to consider and review the annual report and annual result announcement of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the annual report and the annual result announcement 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, 28 June 2013

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.