



**CHAODA MODERN AGRICULTURE
(HOLDINGS) LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)

ANNUAL REPORT 2010/2011

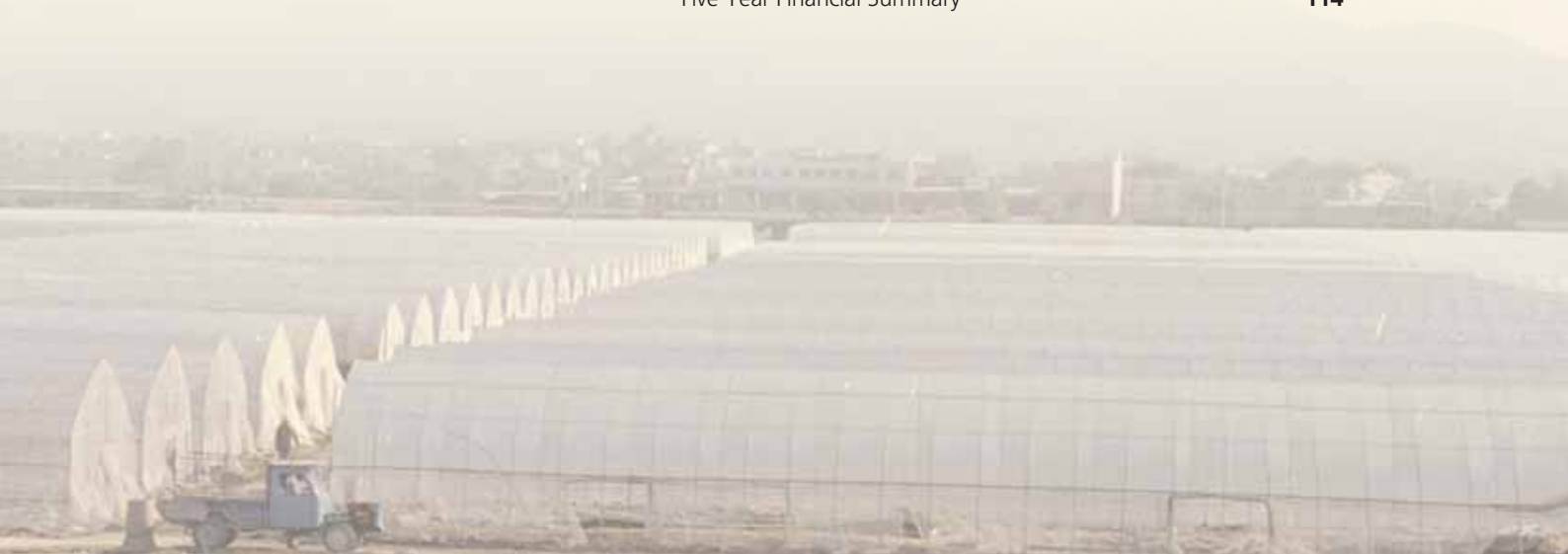




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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kwok Ho (*Chairman*)
Dr. Li Yan
Ms. Huang Xie Ying
Mr. Kuang Qiao
Mr. Chen Jun Hua
Mr. Chan Chi Po Andy (*Chief Financial Officer*)

Non-executive Director

Mr. Ip Chi Ming

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Tam Ching Ho
Professor Lin Shun Quan
Ms. Luan Yue Wen (retired on 30 December 2013)

AUDIT COMMITTEE

Mr. Tam Ching Ho (*Chairman*)
Mr. Fung Chi Kin
Ms. Luan Yue Wen (retired on 30 December 2013)

REMUNERATION COMMITTEE

Mr. Fung Chi Kin (*Chairman*)
Mr. Tam Ching Ho
Ms. Luan Yue Wen (retired on 30 December 2013)
Mr. Chen Jun Hua

AUTHORISED REPRESENTATIVES

Mr. Kwok Ho
Mr. Chan Chi Po Andy

QUALIFIED ACCOUNTANT

Mr. Chan Chi Po Andy

COMPANY SECRETARY

Ms. Chong Suet Ming Alison (appointed on
1 January 2012)

STOCK CODE

682

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants (appointed on
18 August 2014)

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
China CITIC Bank Corporation Limited
Industrial Bank Co., Ltd.
China Everbright Bank Company Limited
Shanghai Pudong Development Bank Co., Ltd.
Ping An Bank Co., Ltd.

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2705, 27th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<http://www.chaoda.com.hk>
<http://www.irasia.com/listco/hk/chaoda>

Chairman's Statement

I hereby present the annual results for Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "Chaoda") for the financial year ended 30 June 2011.

Since September 2011, due to the events leading to the suspension and continued suspension of the trading in the Company's shares (the "Trading") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the publication of the annual results for the financial year ended 30 June 2011 (the "2011 Annual Results") was delayed. I would like to take this opportunity to give a heartfelt apology to all shareholders, investors and business partners and thank for the patience and support from shareholders in this difficult time. The Company has endeavored to resume the Trading on the Stock Exchange (the "Resumption") as soon as practicable.

Following the suspension of Trading, Anonymous Analytics issued an anonymous report (the "Anonymous Report") with allegations which are untrue, unsubstantiated and libelous against the Group. On 24 April 2012, the Company received a letter from the Stock Exchange, in which the Company was notified the following conditions to the Resumption:

- (a) address the allegations made against the Company in the Anonymous Report and inform the market of all material information that is necessary to appraise the position of the Group, including their implications to the Group's asset, financial and operational position;
- (b) demonstrate that there are adequate financial reporting procedures and internal control systems to meet obligations under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"); and
- (c) publish all outstanding financial results and reports, and address any concerns raised by the Company's auditors through qualifications in their audit report.

The Group has been taking active steps in order to satisfy the conditions to the Resumption.

Refutation of the Allegations

On the first Resumption condition, the Company had responded to and categorically denied the allegations made against the Group in the Anonymous Report. Details of the Company's response to and refutation of the allegations were set out in the Company's announcement dated 19 July 2013. We hope such clarification could alleviate the concerns of the public about the Group.



Chairman's Statement

Review on Internal Control System

With regard to the second Resumption condition, the Company engaged RSM Nelson Wheeler Consulting Limited ("RSM"), an independent professional adviser, to conduct a review in respect of the adequacy of the financial reporting procedures and the internal control systems of the key operations of the Group in September 2013. Having reviewed the internal control report compiled by and discussed with RSM, the Audit Committee and the Board were reasonably satisfied that no material deficiencies or inadequacies existed or identified for the financial year ended 30 June 2013.

Publication of all outstanding Financial Results and Reports

The Company has rendered full co-operation and assistance to the auditors during the whole audit progress. Regrettably, the publication of the outstanding financial results and reports has been affected adversely by the resignation of the Company's former auditors. On 18 August 2014, the Company engaged Elite Partners CPA Limited ("Elite Partners") as the new auditors of the Company and the audited annual result announcement for the financial year ended 30 June 2011 was announced on schedule according to the tentative timetable disclosed in the announcement dated 15 September 2014.

Elite Partners was appointed as our auditors in August 2014 to issue their independent auditors' report of the consolidated financial statements for the financial year ended 30 June 2011. Elite Partners expressed qualified audit opinion on the consolidated financial statements for the financial year ended 30 June 2011. We wish to highlight that such qualified opinion was formed solely because of the auditors' inevitable limitation to perform physical counting and inspection of the Group's property, plant and equipment, construction-in-progress, biological assets, and inventories (the "Limitation") as at 30 June 2010 and 2011 while their appointment as our auditors was in August 2014. As mentioned in the independent auditors' report, except for the possible effects of the Limitation, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2011, and of the Group's profit and cash flows for the financial year ended 30 June 2011. Further details of the auditors' opinion were set out in the independent auditors' report in this annual report.

The management of the Group will, as always, extend full cooperation and assistance to accommodate the requests from the auditors from time to time with the aim of expediting the finalisation of the audit and/or review by the auditors of the remaining outstanding financial results of the Company as soon as possible.

The Company had dedicated huge of resources and time to handle various issues associated with the Resumption. I hereby express my deepest gratitude to the resilient support and patience from all shareholders, staff and business partners for the Company in times of adversity.

INDUSTRY AND BUSINESS REVIEW

During the financial year under review, the vegetable market in China was largely stable despite the challenges of abnormal weathers and increasing operating cost etc in the agriculture sector. According to Ministry of Agriculture statistics, the total area for vegetable cultivation in China was 285 million mu in 2010 while the total output of vegetables was 651 million tonnes, both posting a slight increase over that of 2009. According to China Customs statistics, the total export volume of vegetables in 2010 increased by 3% to 6.55 million tonnes compared to 2009, while export amount increased by 60% to US\$7.98 billion.

Chairman's Statement

In 2011, the National People's Congress and Chinese People's Political Consultative Conference, as focused as ever on the "Three Rural" (which stands for 'Agricultural Industry', 'Rural Areas' and 'Farmers') issues, pointed out in their report the necessity of further input directed towards the "Three Rural" and the improvement on supporting policies for the strengthening of the Agricultural Industry. At the same time, it was proposed that allocation of financial resources be inclined toward the Agricultural Industry and Rural Areas, specifically a stronger financial support with significant increment. The central government also continued to launch preferential policies and measures to assist in the development of modernised agriculture. In 2010, the central government's budget allocation to "Three Rural" increased by 18% to RMB857.97 billion from 2009. In January 2011, the Central Committee of the Communist Party of China (the "CPC") and the State Council issued the "Number One Document", which highlighted water conservancy as an indispensable prerequisite for the development of modernised agriculture, being the top priority of national infrastructure constructions and irrigation project for farmlands. It was the eighth consecutive year in which the "Three Rural" issues were under spotlight of the "Number One Document" by the Central Committee of the CPC and the State Council.

During the financial year under review, the Group's production base area was expanded by 16% to 773,073 mu. Sales volume of crops in PRC amounted to 2,982,396 tonnes. Turnover and profit for the year attributable to the owners of the Company amounted to RMB8,065 million and RMB3,277 million respectively. Chaoda was ranked 82nd in the 2011 ranking of "China's 500 Most Valuable Brands" published by the World Brand Laboratory with a brand value increasing by RMB2.62 billion to RMB12.26 billion. Moreover, Chaoda remained in the "China's Top 500 Companies List" compiled by the Chinese edition of Fortune magazine in July 2011 ranking Chaoda the fourth in the category for agriculture, forestry, fisheries industry and animal husbandry.

PROSPECTS AND DEVELOPMENT STRATEGY

We believe that China will continue to allocate additional resources to cope with the "Three Rural" issues for a stable and sustainable development in the Agricultural Industry. The "Number One Document" issued by the Central Committee of the CPC and the State Council in February 2012 emphasised on strategic technical innovation in the Agricultural Industry. It was followed by the "Opinions on Supporting the Development of Leading Enterprises in the Industrialisation of Agriculture" published by the State Council in March 2012. It pointed out that through the combination of, among others, production elements of capital, technology and human resources, leading enterprises in the industrialisation of agriculture could assist farmers in the development of professional, standardised, large-scale and intensive production. These enterprises play an integral part in both the establishment of a modernised Agricultural Industry and the facilitation of industrialised operation of agriculture. Support for the development of leading enterprises could significantly enhance the agricultural organisation, speed up the transformation of development model, facilitate the modernisation progress and improve farmers' employment and rewards in the Agricultural Industry. In January 2014, the "Number One Document" focused on the "Three Rural" issues for the eleventh consecutive year. Its core content includes perfecting the national food safety assurance system, strengthening the support for Agricultural Industry, establishing mechanisms for the sustainable development of the Agricultural Industry, enhancement of land reform in Rural Areas, formulating advanced agricultural operation models, expediting of rural financial system innovations, improving institutional mechanisms for the development of the integration of rural and urban areas in China and boosting governing mechanisms for rural villages.

Chairman's Statement

Concentration on Core Business

Considering the favourable conditions with generous support for the development of the Agricultural Industry from the central government, we believe the industry will continue to thrive in an improving overall operating environment. It offers great opportunities of growth for Chaoda. In the wake of escalating industrialisation and urbanisation, the Agricultural Industry in China is at a critical stage of transformation from fragmented small scale production in the past to an intensively industrialised, standardised and modernised operating model. This highly efficient development approach is what Chaoda, as a pioneer in modern agriculture, has persistently taken. The Group's business model of "Company + Production Bases + Farmers" has become a paradigm for modernised vegetable cultivation in China. In the future, the Group will continue to take advantage of preferential agricultural policies and opportunities generated by the improving operating environment in the industry by focusing on its core business of vegetable and fruit cultivation. The Group will also continue to lead the industrialisation of vegetable cultivation, improve farming efficiency and boost farmers' income so as to thrive as a driving force for modern cultivation industry and a prominent provider of quality standardised agricultural products.

Enhancing Quality Control

A series of food safety issues around the world had drawn the market's attention to the issue, resulting in surging demands for quality and healthy agricultural products. Chaoda's product whole-chain tracking system for its agricultural products was highly-recognised in the 2nd Cross-Strait Modern Agriculture Expo. The Group is dedicated to the promotion of technologies for standardised vegetable production and comprehensive product quality control, as well as the establishment of product quality management system to offer quality and safe products, which help to boost our corporate image and appeal to a wider market.

Dedicated Brand Building

Branding is an integral part of modern agriculture. Accordingly, Chaoda has devoted substantial corporate resources in this aspect. With our own competitive edges, we continued to be ranked on the list of "China's 500 Most Valuable Brands" and entitled as one of the "State-Level Dragon Head Leading Agricultural Enterprises" in 2012 and 2013. Relentless efforts will continue to be spent on the maintenance and improvement of product quality so as to reinvigorate the Group as well as our brand image. In the future, the Group will endeavour to build a "quality brand" portfolio and focus on the development and building of agricultural brands so as to offer reliable branded agricultural products with specific traits, high quality and market appeal. With prominent market share, the offerings are competitive enough to stand out in the international market. The Group will further integrate brand management concepts into every step of production, processing and distribution to enhance standardised production and to explore market with brands, as well as to realise brand values in terms of product marketing efficiency and competitive strengths.

Strengthening Technical Innovations

In February 2012, the Central Committee of the CPC and the State Council issued the "Number One Document", which emphasised on the strategic technical innovation in the Agricultural Industry. The Group will continue to bolster innovations and applications for agricultural technologies and commit itself to the enhancement of efficiency in the production and product quality through scientific research and technologies. Chaoda has established a research institution that claims leadership in eco-organic agricultural technologies and with dozens of top agricultural experts. In addition, the Group has already established close cooperation with numerous academies and research units in agriculture. The Group will endeavour to promote the application of agricultural technologies and enhance production and sales efficiency by using of advanced information technology in management.

Chairman's Statement

The central government has been committed to tackle the "Three Rural" issues in the past decade and launched a series of preferential policies to create a more favourable operating environment in the Agricultural Industry, which fuels our enthusiasm on the future of the industry.

Over the years, we have been devoted to the industrialisation of vegetable cultivation and allocated enormous resources to quality management, brand building, talent recruitment and nurturing and scientific research and development for the Agricultural Industry. We command well-rounded competitive strengths in respect of quality, branding, human resources and technologies. Confronted with the difficulties, the Group, as a leading enterprise in vegetable cultivation, will insist on modernisation of vegetable cultivation to provide customers with quality vegetables and maintain our competitive strengths.

Looking forward, we will continue to leverage on our competitive strengths with due consideration, explore different growth opportunities, expand our business, exhaust every means to overcome any existing or possible challenges with a view to achieving our business objectives, turning our business goals into reality, and creating enduring value for our shareholders.

OTHER INFORMATION

After the reporting period, the business and financial performance of the Group for the ensuing years has been negatively affected by varying degrees by the events leading to the suspension of the Trading on the Stock Exchange.

Please refer to the summary of preliminary unaudited financial information of the Group for, among others, the financial years ended 30 June 2012 and 2013 disclosed in the Company's announcement dated 31 July 2014, and the previous announcements issued by the Company since 10 May 2012 for the status of the Resumption.

The board of directors (the "Board") remains positive at all times notwithstanding the challenges that come its way during the period of turbulence. The Board will continue exhaust every means to mitigate the negative impact and adapt in a positive manner by proactively and strategically implemented measures to control the risks, and realise and enhance core strengths of the Group for corporate development to sustain and thrive. Last but not least, the Board will spare no efforts to the Resumption.

Once again, on behalf of the Board, I am grateful for the perseverance and resilience of our staff shown during suspension of the Trading and give thanks to all of them for their unswerving efforts. I would also take this opportunity to express hearty gratitude to all shareholders, investors and business partners for their patience, understanding and continued support during the adverse period of time.

Kwok Ho
Chairman

14 November 2014

Management Discussion and Analysis

FINANCIAL REVIEW

The Group continued to report good results in turnover for the financial year under review. Such performance was primarily attributable to the resolute and consistent implementation of its agricultural production base expansion plan and increased investments in production bases that contributed to continuous stable growth in the output of crops. Turnover of the Group increased by 16% to RMB8,065 million (2010: RMB6,964 million). Gross profit increased by 9% to RMB4,988 million (2010: RMB4,577 million). As the Group recorded impairment losses on intangible assets and prepaid premium for land leases under the item of other operating expenses in the total amount of RMB515 million, profit from operations decreased by 10% to RMB3,210 million (2010: RMB3,569 million).

The increase in selling and distribution expenses by 23% to RMB963 million (2010: RMB780 million) reflected mainly the expenses incurred in connection with increased sales, which were mainly affected by the rise in packaging material expenses and transportation costs. Selling and distribution expenses as a percentage of turnover rose slightly to 12% (2010: 11% of turnover). General and administrative expenses increased from RMB153 million to RMB344 million. The increase in general and administrative expenses was mainly due to the increase in employee share option benefits for granting 71,650,000 share options under the share option scheme during the financial year under review. Other operating expenses increased to RMB886 million (2010: RMB248 million). The increase in other operating expenses was mainly attributable to the impairment losses on intangible assets and prepaid premium for land leases. As a whole, the total operating expenses for the financial year under review were 28% as a percentage of turnover (2010: 17% of turnover).

Profit for the year attributable to the owners of the Company amounted to RMB3,277 million (2010: RMB3,659 million). Excluding non-cash item (gain arising from changes in fair value less costs to sell of biological assets), profit for the year attributable to the owners of the Company amounted to RMB2,995 million (2010: RMB3,505 million), decreased by 15%.

AGRICULTURAL LAND

The Group applies stringent land selection criteria underpinned by high standards for air, soil and water resources. Suitable agricultural land is acquired to expand Chaoda's production base area and to enhance the strategic network of production bases spanning across the country from the North to the South. Highland and lowland bases of the Group complement each other to enable an even supply throughout the year while mitigating the impact of adverse weather.

As at 30 June 2011, the Group's production bases amounted to 32 in 13 different provinces and cities in China, with a total production area (including vegetable land, tea garden and fruit garden) of 773,073 mu (51,538 hectares), an increase of 16% when compared with the total production area of 664,225 mu (44,282 hectares) as at the end of previous financial year. The weighted average production area for vegetables for the financial year under review was 578,845 mu (38,590 hectares), an increase of 16% when compared with 497,995 mu (33,200 hectares) for the previous financial year.

Reforming farmlands represents a fundamental step in the development of the modernised agricultural industry. The Group's investment in agricultural land does not end with the choice of land sites and the completion of agricultural land lease procedures. We take farmlands of irregular shapes, sizes and elevations and then redevelop them into regular and larger production bases. To ensure the quality of water supply, we also carry out water conservancy works, including the renovation of main and branch canals. These reform works also include the construction of concrete roadways and improvement of accesses for operations. The Group also enhances its agricultural infrastructure, such as spraying and dripping irrigation systems, ditches and canals, greenhouses, crop shelters and agricultural machinery, which has strengthened its ability to withstand natural disasters.

Management Discussion and Analysis

BUSINESS OVERVIEW

Sales of crops

During the financial year under review, sales of crops contributed to 99% of the Group's turnover with a sales volume of 2,982,396 tonnes, increased by 7% when compared with 2,774,712 tonnes for the previous financial year. Favourable factors contributing to the growth in the crop sales were that along with the growth of sales volume, average selling price for crops in China increased by 8% to RMB2.68 per kilogram. The annual yield for vegetables was 5.04 tonnes per mu (2010: 5.46 tonnes per mu). The yield per mu per harvest for vegetables was 1.73 tonnes (2010: 1.87 tonnes per mu per harvest). The decrease in yield was mainly attributable to the increase of fallow farmland, which resulted in less harvest area. Revenue from the sales of crops increased by 16% annually to RMB8,005 million (2010: RMB6,903 million).

Crops produced by the Group under a stringent quality standard system were well recognised for their quality. During the financial year under review, approximately 75% of our crops were sold in the domestic market, among which 70% were sold to wholesale buyers and 5% to institutional buyers. Indirect export accounted for 25% of our sales.

Production base

As a leading enterprise in the agricultural industry, Chaoda applies standardisation to its production bases located in different provinces in China. Farmland workers are required to operate in strict compliance with the standards. We train our workers in standard operating procedures for each process of production and educate them on the theory behind the procedures. Making use of our production process management, ongoing corrective training and cases studies conducted by our technical personnel, we enable our farmland workers to understand and master required techniques. In addition, we employ an integrated management and control system. Departments in charge of production management, agricultural resources, plant protection, quality control and trade work closely with each other and frequently communicate with the production bases to ensure that production plans are completed according to schedules.

The Group also takes advantage of its resources to ensure stable production and supply of vegetables. It plans and manages its production in a scientific and systematic manner. Our production management centre collects and analyses information on climatic conditions, production track records and market trends associated with individual production bases, as well as information of planting and technical issues. The production management centre arranges production plans based on consideration of the widest possible range of information, with help from our trade centre, which assembles the best available market data to help refine the plans. The system enables us to respond promptly to changes in trend lines, including unexpected weather events and shifts in the market so that pre-emptive adjustments to the plans in anticipation of such changes can be made. Scientific production planning together with a strategically located network of production bases ensure a stable year-round crop supply by Chaoda.

HUMAN RESOURCES

The ongoing development of the Group requires the support of talents in the areas of technology, production, marketing and management. The Group attaches great importance to the appointment, training and deployment of the right talents, as it believes that people play a central role in any development. As at 30 June 2011, the Group employed 27,766 employees (2010: 23,236 employees), including 26,545 farmland workers (2010: 21,939 farmland workers).

Remuneration of employees is determined by their positions, job nature and level of responsibilities to the Group. The remuneration package comprises the basic salary, discretionary bonuses and share options. Other benefits such as pension, insurance, education, subsidies and training programmes are also provided to the employees. The grant of share options to eligible employees as a source of motivation for ongoing contributions to the Group's long-term development in future represents an important element in the Company's remuneration policy.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the financial year under review, the Group maintained a sound capital position and financed its business activities by revenue generated from its operations. Net cash generated by the Group from its operating activities amounted to RMB3,632 million. As at 30 June 2011, the Group's cash and cash equivalents amounted to RMB3,333 million (2010: RMB2,044 million). The majority of the Group's operating transactions were settled in RMB. The effect of exchange rate fluctuations was relatively immaterial to the Group.

As at 30 June 2011, the total equity of the Group (including non-controlling interests) amounted to RMB25,844 million (2010: RMB21,508 million). In order to support the Group's long-term development, the Company issued the convertible bonds with an aggregate principal amount of US\$200 million in September 2010 (the "Bonds"). Thus, as at 30 June 2011, the debt to equity ratio (sum of bank loans and the Bonds over total equity) of the Group was 4% (2010: 0.1%). The current ratio (dividing total current assets by total current liabilities) was 25 times (2010: 17 times).

As at 30 June 2011, the capital commitments of the Group that had been contracted but not provided for, including research and development expenditure, commitments in respect of the purchase of property, plant and equipment and premium payments for the land leases, amounted to RMB27 million (2010: RMB29 million). As at 30 June 2010 and 2011, the Group did not have any material contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2011, the Group had total banking facilities available for use amounting to RMB86 million (2010: RMB110 million) which had not been utilised by the Group (2010: the Group has utilised bank facilities amounting to RMB14.50 million). All of the banking facilities were secured by corporate guarantee provided by one of the subsidiaries of the Company, details of which are set out in note 33 to the financial statements.

Other than the corporate guarantee disclosed above, the Company announced on 17 August 2010 that an aggregate amount of approximately US\$356 million would be raised by the issuance of the Bonds, the placing of existing shares and top-up subscription for new shares in the Company, and the issuance of call options to subscribe for new shares in the Company (the "Call Options") for expanding existing and establishing new production areas, including but not limited to Northeast China, North China, the Yangtze River areas and South China, contemplated by other areas for product varieties, seasonality and market demand and for general working capital.

The initial conversion price of the Bonds was HK\$8.10 per share (subject to adjustment). A maximum of 191,920,987 shares would be issued by the Company upon full conversion of the Bonds based on the initial conversion price. The shares of certain subsidiaries of the Company had been pledged for securing the issuance of the Bonds. Details of the Bonds are set out in note 34 to the financial statements. The Bonds had been early redeemed in full by the Company in April 2012.

As regards the Call Options, the exercise period of which was from the first day of the conversion period of the Bonds to 17 August 2013. The maximum number of shares that might fall to be issued by the Company upon exercise of the Call Options at the initial strike price of HK\$7.9065 each (subject to adjustment) was 103,300,000. These Call Options, which were not exercised, became lapsed on the expiry of the exercise period.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurred after the reporting period are set out in note 48 to the financial statements.

Corporate Governance Report

The Board is pleased to present the corporate governance report for the financial year ended 30 June 2011.

CORPORATE GOVERNANCE OF THE COMPANY

The Board is committed to maintaining good corporate governance practices and high standards of business ethics. The Board believes that good corporate governance provides a framework for effective management, achieving business goals and maximising long term value to shareholders.

Throughout the financial year under review, the Board had applied to the Company the principles of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules in force during the financial year under review and complied with the code provisions and certain recommended best practices set out in the CG Code except for the deviations as stated in the relevant paragraphs of this report.

NON-COMPLIANCE WITH FINANCIAL REPORTING PROVISIONS OF THE LISTING RULES

On 30 September 2011, the Company announced that in view of the Anonymous Report and certain media news on the Company, BDO Limited ("BDO"), the then auditors of the Company, needed time to carry out additional audit procedures to the audit of the 2011 Annual Results. As such, the Company could not timely publish its 2011 Annual Results as required under the Listing Rules.

Further, as a result of the resignation of the Company's auditors, the Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual/interim results for the three financial years ended 30 June 2012, 2013 and 2014 and for the three six-month periods ended 31 December 2011, 2012 and 2013; and (ii) publishing the related annual/interim reports for the above-mentioned years/periods.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all directors, all directors confirmed that they have complied with the Model Code throughout the financial year ended 30 June 2011. The directors' interests as at 30 June 2011 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out in the Directors' Report under the section headed "Directors' Interests in Securities".



Corporate Governance Report

BOARD OF DIRECTORS

Composition

The members of the Board during the financial year under review were as follows:

Members of the Board

Executive directors:

Mr. Kwok Ho (*Chairman*)
Dr. Li Yan
Ms. Huang Xie Ying
Mr. Kuang Qiao
Mr. Chen Jun Hua
Mr. Chan Chi Po Andy

Non-executive director:

Mr. Ip Chi Ming

Independent non-executive directors:

Mr. Fung Chi Kin
Mr. Tam Ching Ho
Professor Lin Shun Quan
Ms. Luan Yue Wen (retired on 30 December 2013)

After the end of the financial year under review, the following changes in composition of the Board took place:

1. Due to the poll results of the annual general meeting held on 30 December 2011 ("2011 AGM"), Mr. Chen Jun Hua will retire as the executive director of the Company at the conclusion of the adjourned 2011 AGM to be convened and held by the Company on the date to be separately announced by the Company.
2. Due to the poll results of the annual general meeting held on 30 December 2013 (the "2013 AGM"), Ms. Luan Yue Wen retired as the independent non-executive director of the Company. Following her retirement, Ms. Luan has ceased to take the roles as member of both the Audit Committee and the Remuneration Committee of the Board at the conclusion of the 2013 AGM.

Following the retirement of Ms. Luan Yue Wen as stated above, the number of the independent non-executive directors of the Company fell below the minimum requirement stipulated under Rule 3.10A of the Listing Rules.

As at the date of this report, the process of identifying a suitable candidate to fill the vacancy is ongoing and the Board would continue to take every step possible to expedite the appointment. Further announcement will be made by the Company when the appointment is made.

Biographical details of the directors are disclosed in the section headed "Profiles of Directors and Senior Executives" of this annual report. To the best knowledge of the Company, there are no relationships (including financial, business, family or other material relationships) among the directors.

Corporate Governance Report

In compliance with Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation of independence from all independent non-executive directors pursuant to Rule 3.13 of the Listing Rules for the financial year ended 30 June 2011. The Company considers them to be independent of the management and free of relationship that could materially interfere with their exercise of independent judgment.

The non-executive director and each of the independent non-executive directors is appointed for a specific term of two years. Appointment may be terminated by either party serving on the other party a written notice of not less than three months. In accordance with the CG Code and the Company's articles of association, they should be subject to retirement by rotation at least once every three years at the annual general meeting.

Responsibilities

The Board formulates the long term strategies of the Group and is responsible for leading the Group in the areas of management, business development, research and innovation as well as financial performance. There is a clear division of responsibilities between the Board and the management. Decisions delegated by the Board to the management include implementation of the policy and direction determined by the Board, monitoring the business operation, preparing financial statements, complying with applicable laws and regulations.

The Board has established two committees, the Audit Committee and the Remuneration Committee, with specific responsibilities as set out in their respective terms of reference.

Board meetings

Meetings of the Board are held on a regular basis and will be held on other occasions when a board-level decision on a particular matter is required. Directors may participate in either in person or through electronic means of communications. The attendance of individual directors at the meetings of the Board during the financial year ended 30 June 2011 is set out as follows:

Name of director	Attendance
Executive directors:	
Mr. Kwok Ho (<i>Chairman</i>)	5/6
Dr. Li Yan	5/6
Ms. Huang Xie Ying	6/6
Mr. Kuang Qiao	6/6
Mr. Chen Jun Hua	6/6
Mr. Chan Chi Po Andy	6/6
Non-executive director:	
Mr. Ip Chi Ming	6/6
Independent non-executive directors:	
Mr. Fung Chi Kin	6/6
Mr. Tam Ching Ho	6/6
Professor Lin Shun Quan	5/6
Ms. Luan Yue Wen (retired on 30 December 2013)	6/6

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Kwok Ho serves as the Chairman and Chief Executive Officer of the Company, which deviates from the requirement under code provision A.2.1 of the CG Code that the roles of the chairman and chief executive officer should be segregated.

The Board considers that with his profound knowledge and expertise in agricultural business, Mr. Kwok Ho, being the Chairman and Chief Executive Officer of the Company, provides a strong and consistent leadership to formulate efficient strategies, to implement prompt decisions and to complete effective business plans of the Group. It is in the best interests of the Company that Mr. Kwok Ho shall continue his dual capacity as the Chairman and Chief Executive Officer of the Company.

The Chairman is responsible for ensuring that the Board works effectively and smoothly. Matters proposed by the directors are included in the agenda. All directors receive accurate and timely information and they are properly briefed on issues arising at the Board meetings.

REMUNERATION COMMITTEE

During the financial year under review, the Remuneration Committee consisted of four members, three of whom were the then independent non-executive directors and one executive director. Mr. Fung Chi Kin was the Chairman and three other members were Mr. Tam Ching Ho, Ms. Luan Yue Wen and Mr. Chen Jun Hua.

As at the date of this report, the Remuneration Committee comprises two independent non-executive directors and one executive director. Mr. Fung Chi Kin is the Chairman and the remaining members are Mr. Tam Ching Ho and Mr. Chen Jun Hua.

The Remuneration Committee undertakes to, among other matters, make recommendations to the Board the framework or broad policy and structure for the remuneration of the Chief Executive Officer, Chairman, executive directors and senior management of the Group with the objective as to ensure that such persons are provided with appropriate incentives to encourage enhanced performance and to reward for individual contributions to the success of the Group; determine, within the terms of the policy adopted by the Board and in consultation with the Chairman and/or Chief Executive Officer as appropriate, the individual specific remuneration package of each executive director and member of senior management including benefits in kind, pension rights, bonuses, incentive payments, share options and compensation payments, including any compensation payable for loss or termination of their office or appointment.

No director or manager shall be involved in any decisions as to their own remuneration. The remuneration of an independent non-executive director who is a member of the Remuneration Committee shall be a matter for other members of the Remuneration Committee. The Remuneration Committee's terms of reference are posted on the Company's websites (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk).

Corporate Governance Report

During the financial year ended 30 June 2011, the number of Remuneration Committee meetings held and details of the attendance are as follows.

Members of the Remuneration Committee	Attendance
Independent non-executive directors:	
Mr. Fung Chi Kin (<i>Chairman</i>)	2/2
Mr. Tam Ching Ho	2/2
Ms. Luan Yue Wen (retired on 30 December 2013)	2/2
Executive director:	
Mr. Chen Jun Hua	2/2

During the financial year under review, the Remuneration Committee reviewed matters including the grant of share options, the remuneration policy adopted by the Group for its employees as well as the remuneration for the directors and senior management. It also discussed the remuneration policy and the overall level of increment applicable to the employees of the Group for the following calendar year.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. Pursuant to the Company's articles of association, the Board shall have power to appoint any person as a director either to fill a casual vacancy or as addition to the Board.

The Board is responsible for formulating the nomination policies, making recommendations to the shareholders on the directors standing for re-election, providing sufficient biographical details of the directors to enable shareholders of the Company to make an informed decision on the re-election of the directors. Various criteria are considered in selecting candidates for directorship including personal and professional background, business and industry experience. In case of nominating an independent non-executive director, the potential candidate will be assessed his/her independence based on the criteria set out in Rule 3.13 of the Listing Rules.

At the forthcoming annual general meeting of the Company to be convened and held on 30 December 2014 (the "2014 AGM"), Mr. Kuang Qiao, Mr. Chan Chi Po Andy and Professor Lin Shun Quan will retire from the office as directors by rotation, and being eligible, offer themselves for re-election. Amongst these retiring directors, Professor Lin Shun Quan has served the Company as an independent non-executive director for over 10 years. The Board is of the opinion that Professor Lin Shun Quan is a person of integrity and stature and continues to be independent after reviewing and assessing his annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules. A separate resolution will be put forward at the 2014 AGM to elect each of the retiring directors.

AUDIT COMMITTEE

The responsibilities of the Audit Committee include monitoring the integrity of the financial statements of the Group (including its annual and interim reports and accounts, preliminary results announcements and any other formal announcements relating to its financial performance); reviewing significant financial reporting issues and judgments thereof before the financial statements are submitted to the Board; reviewing the effectiveness of the Group's financial controls, internal controls and risk management systems; assessing the independence and objectivity of the external auditors.

Corporate Governance Report

In discharging its duties, the Audit Committee is provided with sufficient resources and is authorised by the Board to obtain outside legal or other independent professional advice at the expense of the Group on any matters within its terms of reference as published on the Company's websites (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk).

During the financial year under review, the Audit Committee consisted of three members, all of whom were the then independent non-executive directors. Mr. Tam Ching Ho was the Chairman and two other members were Mr. Fung Chi Kin and Ms. Luan Yue Wen.

Following the retirement of Ms. Luan Yue Wen after the conclusion of the 2013 AGM, the number of members of the Audit Committee fell below the minimum requirement stipulated under Rule 3.21 of the Listing Rules.

As at the date of this report, the process of identifying a suitable candidate to fill the vacancy is ongoing and the Board would continue to take every step possible to expedite the appointment. Further announcement will be made by the Company when the appointment is made.

During the financial year ended 30 June 2011, the number of Audit Committee meetings held and details of the attendance are as follows:

Members of the Audit Committee	Attendance
Independent non-executive directors:	
Mr. Tam Ching Ho (<i>Chairman</i>)	6/6
Mr. Fung Chi Kin	5/6
Ms. Luan Yue Wen (retired on 30 December 2013)	6/6

During the financial year ended 30 June 2011, the Audit Committee has, among other things, discussed and reviewed financial reporting matters including the interim and annual consolidated financial statements and reports of the Group before these statements and reports were submitted to the Board for approval; reviewed the effectiveness of the internal control system and reviewed the action taken by the Company in response to a press article.

The audited financial statements of the Group for the financial year ended 30 June 2011 have been reviewed by the remaining members of the Audit Committee (namely Mr. Tam Ching Ho (the Chairman) and Mr. Fung Chi Kin).

AUDITORS' REMUNERATION

The fee paid or payable to the external auditors of the Group for the financial year ended 30 June 2011 in respect of audit services was RMB2,764,000.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant financial period.

The Directors ensured that the consolidated financial statements for the financial year ended 30 June 2011 of the Group have been prepared in accordance with applicable financial reporting standards; made judgments and estimates that are prudent, fair and reasonable; and on a going concern basis.

The statement of the external auditors of the Group in respect of their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditors' Report of this annual report.

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal control system to safeguard the assets of the Group and interests of the shareholders. The internal control system of the Group is designed to safeguard assets against unauthorised use or disposition, maintain proper accounting records for provision of reliable financial information used internally and for publication, and ensure compliance with relevant legislation and regulations. The system is designed to manage rather than eliminate the risk of failure in operational systems and achievement of the Group's objectives, and to provide reasonable but not absolute assurance.

The internal audit department is established to provide independent assurance to the Board and management on the adequacy and effectiveness of internal controls for the Group. The department adopts a risk and control based audit approach. Internal audit reports are communicated to and discussed with the Audit Committee and the Board.

In September 2013, the Company engaged RSM as the internal control consultant, to conduct an independent review on the adequacy of the financial reporting procedures and the internal control system of the key operations of the Group for the financial year ended 30 June 2013. The Audit Committee and the Board, having discussed with RSM and reviewed the internal control review report compiled by RSM, were reasonably satisfied that no material deficiencies or inadequacies existed or identified for the financial year ended 30 June 2013.

SHAREHOLDERS' RIGHTS

According to Article 72 of the Company's articles of association, any two or more members of the Company or any one member of the Company which is a recognised clearing house (or its nominee(s)) may request for an extraordinary general meeting to be convened upon depositing at the principal office of the Company in Hong Kong written requisition specifying the objects of the meeting and signed by the requisitionist(s), provided that as at the date of deposit of the requisition, such requisitionist(s) hold not less than one-tenth of the paid-up capital of the Company which carries the right of voting at a general meeting of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an extraordinary general meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

Corporate Governance Report

The same procedure also applies to any proposal to be tabled at general meetings for adoption.

The shareholders and investors are also welcome to share their views and suggestions by contacting us through the following methods:

By telephone : (852) 2845 0168
By fax : (852) 2827 0278
By email : investor@chaoda.com.hk

ANNUAL GENERAL MEETING

Under code provision E.1.2 of the CG Code, the chairman should attend the annual general meeting. Due to participation in a meeting held with the PRC government officials, Mr. Kwok Ho, the Chairman, was unable to attend the annual general meeting of the Company held on 30 November 2010 (the "2010 AGM"). Other executive directors, the chairmen of each of the Audit Committee and the Remuneration Committee had attended the 2010 AGM to answer questions regarding the Group and to exchange views with the shareholders of the Company.

The attendance of individual directors at the 2010 AGM is set out as follows:

Name of director	Attendance
Executive directors:	
Mr. Kwok Ho (<i>Chairman</i>)	x
Dr. Li Yan	x
Ms. Huang Xie Ying	✓
Mr. Kuang Qiao	✓
Mr. Chen Jun Hua	✓
Mr. Chan Chi Po Andy	✓
Non-executive director:	
Mr. Ip Chi Ming	x
Independent non-executive directors:	
Mr. Fung Chi Kin	✓
Mr. Tam Ching Ho	✓
Professor Lin Shun Quan	x
Ms. Luan Yue Wen (retired on 30 December 2013)	x

COMMUNICATION

The Company communicates with its shareholders and investors through various means, including annual general meetings, extraordinary general meetings (if any), annual and interim reports, notices and circulars sent to shareholders, announcements, press releases and other corporate communications available at the Company's websites (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk) with a view to keeping all interested parties informed of the most up-to-date activities, development and performance of the Group.

Profiles of Directors and Senior Executives

Biographical details of the directors of the Company and the senior management of the Group as at the date of this report are set out below:

EXECUTIVE DIRECTORS

Mr. KWOK Ho, aged 59, is the founder of the Group and is also the Chairman of the Board and the Chief Executive Officer (the "CEO") of the Company. Mr. Kwok is also a director and the legal representative of some of the subsidiaries of the Company. Mr. Kwok is primarily responsible for the formulation and deployment of the overall strategy of the Group. He holds an Honorary Doctor of Business Administration and has over 30 years of experience in commercial trading in the PRC, particularly in the areas of strategic planning, management, business development, product strategy, sales and marketing. Mr. Kwok was granted by the Fujian Provincial Committee and the People's Government of Fujian Province the award of Outstanding Contribution Entrepreneur of Fujian Province for two consecutive terms. Mr. Kwok is a member of the Ninth and the Tenth Fujian Provincial Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the Eleventh National Committee of CPPCC, the first, second and third term of President of the Fujian Agricultural Industrialisation Leading Enterprises Association, and the Vice President of China's Agricultural Industrialisation Leading Enterprises Association.

Dr. LI Yan, aged 50, joined the Group in January 1997 and was appointed as an executive director of the Company on 17 November 2000. Dr. Li is responsible for research and innovation technology management of the Group. He obtained his master's degree in plant nutrition and doctorate degree in fruit nutrition physiology. He has been appointed as university professor of agricultural resources and environment faculty. Dr. Li has extensive experience in horticulture and plant nutrition, particularly in the areas of planting and cultivation methods, as well as pest and disease management.

Ms. HUANG Xie Ying, aged 66, joined the Group in January 1997 and was appointed as an executive director of the Company on 1 September 2003. Ms. Huang is primarily responsible for financial planning of the Group. She graduated from Xiamen Finance and Economic College. Ms. Huang has over 21 years of extensive accounting experience in the PRC.

Mr. KUANG Qiao, aged 43, joined the Group in 1996 and was appointed as an executive director of the Company on 1 September 2003. He is also the Vice President of the Group. Mr. Kuang is primarily responsible for new business development and new project research management of the Group. He graduated from the Faculty of Horticulture of Nanjing Agricultural University in July 1992 with a bachelor's degree in agriculture (majoring in vegetables). Mr. Kuang has more than 20 years of experience in the agricultural industry.

Mr. CHEN Jun Hua, aged 47, joined the Group in October 2002 and was appointed as an executive director of the Company on 17 August 2005. He is also a member of the Remuneration Committee of the Company and the Vice President of General Affairs of the Group. Mr. Chen is mainly responsible for assisting the CEO in administrative management of the Group. In July 1989, Mr. Chen graduated from China Agricultural University with a bachelor's degree in agriculture (majoring in protection of agricultural environment). Thereafter, he received a master's degree in agricultural extension from Chinese Academy of Agricultural Sciences (majoring in rural and regional development). Mr. Chen is a Senior Economist and has over 23 years of experience in agricultural and administrative management.

Profiles of Directors and Senior Executives

Mr. CHAN Chi Po Andy, aged 48, joined the Group in 2003 and was appointed as an executive director and the Chief Financial Officer of the Company on 17 August 2005. He is also a director of certain subsidiaries of the Company. Mr. Chan is primarily responsible for financial management and financial information analysis of the Group. Mr. Chan graduated from The University of Sheffield in the United Kingdom with an honors degree in accounting, financial management and economics. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales. Prior to joining the Group in 2003, Mr. Chan served as senior corporate auditor responsible for the Asia Pacific region of a company listed on the New York Stock Exchange for approximately three years. Mr. Chan had also held office in an international accounting firm and the Stock Exchange for a total of approximately eight years before joining the Group.

NON-EXECUTIVE DIRECTOR

Mr. IP Chi Ming, aged 53, was formerly an executive director of the Company until 8 January 2010 when he was re-designated as a non-executive director of the Company. Mr. Ip is a director of some of the subsidiaries of the Company. Mr. Ip has over 25 years of experience in trading and marketing in the food products industry as well as extensive experience in corporate strategic planning, overall management, business development, sales and marketing. Mr. Ip has served as an executive director of Suncorp Technologies Limited (stock code: 1063) from February 2010 to April 2014. He retired from the non-executive director of Asian Citrus Holdings Limited (stock code: HKSE 73; AIM ACHL) in November 2012, in which the Company owns 5% or more of its equity interest.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FUNG Chi Kin, aged 65, has been an independent non-executive director of the Company since September 2003. He is the Honorary Permanent President of The Chinese Gold & Silver Exchange Society, the International Advisor of Shanghai Gold Exchange and the director of Fung Chi Kin Consulting Limited. Mr. Fung has over 30 years of experience in banking and finance. Prior to his retirement, he was the director and the Deputy General Manager of Po Sang Bank Limited (merged into Bank of China (Hong Kong) Limited in 2001), the Managing Director of BOCI Securities Limited and the Chief Administration Officer of BOC International Holdings Limited. From October 1998 to June 2000, Mr. Fung served as a Council Member of the First Legislative Council of the HKSAR. He also held offices in various public organisations and was the Vice Chairman of the Stock Exchange, the director of the Hong Kong Futures Exchange Limited, the director of Hong Kong Securities Clearing Company Limited and Hong Kong Affairs Advisor. Mr. Fung has also acted as an executive director of Powerwell Pacific Holdings Limited (stock code: 8265) since September 2014. From October 2006 to May 2012, he held the position of independent non-executive director of New Times Energy Corporation Limited (stock code: 166). Apart from being an independent non-executive director of the Company, Mr. Fung is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Profiles of Directors and Senior Executives

Mr. TAM Ching Ho, aged 43, has been an independent non-executive director of the Company since September 2003. He is a certified public accountant (practicing) registered with Hong Kong Institute of Certified Public Accountants (“HKICPA”). He has previously worked in a reputable international accounting firm for about eight years and specialised in providing assurance services for pre-listing, listed and multinational companies. He has also held senior positions in several companies, including mainly the financial controller of a company listed on the Main Board of the Stock Exchange and another company listed on the Main Board of the Singapore Exchange Securities Trading Limited for a total of about seven years. Mr. Tam has accumulated extensive experience in corporate finance and administration, listing compliance, investor relations, accounting and auditing. Mr. Tam holds a bachelor’s degree of arts with honors in accountancy. He is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants. Mr. Tam is also an independent non-executive director of China Zenith Chemical Group Limited, which is listed in the Main Board of the Stock Exchange and was a Supervisory Board member of CBF China Bio-Fertilizer AG, which was listed in the Entry Standard of Frankfurt Stock Exchange from December 2010 to January 2013. Apart from being an independent non-executive director of the Company, Mr. Tam is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Professor LIN Shun Quan, aged 59, has been an independent non-executive director of the Company since November 2000. Professor Lin received his doctorate degree in agriculture from Fujian Agricultural University and had further studies at Saga University in Japan in 1988 and 1996. He was appointed as professor at South China Agricultural University as well as head of the College of Horticulture, South China Agricultural University. He has extensive experience in the agricultural industry in the PRC.

SENIOR EXECUTIVES

Ms. CHONG Suet Ming Alison, aged 34, joined the Company in January 2008 as the Finance Manager and was appointed as the Company Secretary in January 2012. Ms. Chong holds a bachelor degree in Accounting from Macquarie University in Australia and is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Ms. Chong has over 10 years of experience in accounting, finance, compliance and auditing in Hong Kong and the PRC. Prior to joining the Company, Ms. Chong has served in an international accounting firm.

Mr. YANG Jin Fa, aged 39, joined the Group in 1999. Mr. Yang is a Vice President and the General Affairs Vice President of the strategic planning department of the Group. Mr. Yang is primarily responsible for strategic planning, corporate planning and promotion, management of production and product sales of the Group. Mr. Yang graduated from Fujian Agricultural University (majoring in economics and management) and is a Senior Economist. He has extensive experience in policy planning, media management, marketing, and production base management.

Mr. WANG Zhi Qun, aged 59, joined the Group in February 2000. Mr. Wang is a Vice President of the Group. Mr. Wang is primarily responsible for the management of the administration and logistics matters of the Group. Mr. Wang graduated from San Ming Teachers School, and received local and overseas senior managerial training. Prior to joining the Group, he was a senior executive of state owned enterprise and has over 27 years of extensive experience in integrated corporate management.

Mr. ZHANG Chang Man, aged 37, joined the Group in 2000. Mr. Zhang is a Vice President of the Group. Mr. Zhang is primarily responsible for the consolidated finance management of the Group. Mr. Zhang graduated from Fuzhou University (majoring in accounting), and is qualified as an Intermediate Accountant. Prior to joining the Group, he had worked in Taiwanese-invested enterprise and gained practical experience in accounting. Mr. Zhang has over 13 years of extensive accounting experience in the PRC.

Profiles of Directors and Senior Executives

Mr. David Alfred SEALEY III, aged 51, joined the Group in August 2004. Mr. Sealey is the Deputy Chief Operation Officer. Mr. Sealey is primarily responsible for business development of the Group in the international trade markets. He graduated from University of Kentucky in the USA with a bachelor's degree in marketing. Prior to joining the Group, Mr. Sealey worked in various companies in the USA and Japan, and was responsible for corporate operation, product planning and quality control and marketing. He has extensive experience in corporate operation and management.

Mr. HE Can De, aged 51, joined the Group in 2000. Mr. He is an assistant to the CEO. He is responsible for assisting the CEO in production, planning and management of the production bases of the Group in addition to relevant projects. Mr. He graduated from Fujian Zhang Zhou Health and Hygiene School. Mr. He has extensive experience in the management of production bases, construction and planning of investment projects, product development and sales.

Mr. WANG Jing Hai, aged 64, joined the Group in 2000. Mr. Wang is the head of the Internal Audit Department of the Group. He is responsible for internal auditing and internal control of the Group. Mr. Wang graduated from Shanghai East China Normal University with a bachelor's degree in accounting and economics. Prior to joining the Group, he worked in a large state-owned enterprise in Shanghai and an American wholly-owned foreign enterprise, and was responsible for corporate management, internal control and auditing. Mr. Wang has over 35 years of experience in management and internal auditing.

Mr. WANG Long Wang, aged 49, joined the Group in 2000. Mr. Wang is the head of the Production Base Department and General Manager of the Trading Department of the Group. He is primarily responsible for production management, technology research, demonstration and promotion work, as well as coordinate planning in product sales and marketing management of the production bases. Mr. Wang graduated from the College of Horticulture, Nanjing Agricultural University with bachelor's degree in agriculture in 1985. Prior to joining the Group, he worked in the Vegetables Office of Fujian Province, Fuzhou Institute of Vegetable Science and was responsible for the management, research and development of vegetable production. He has also been to Thailand, Jamaica and other countries for further studies and work, and has over 25 years of experience in the agricultural industry.



Directors' Report

The directors present their report and the audited financial statements of the Group for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and, through its subsidiaries, growing and selling agricultural produce. An analysis of the Group's turnover for the financial year ended 30 June 2011 is set out in note 5 to the financial statements.

PRINCIPAL SUBSIDIARIES

A list of its principal subsidiaries together with their places of incorporation, principal activities and places of operation, particulars of their issued/registered and paid-up capital is set out in note 44 to the financial statements.

FINANCIAL RESULTS

The profit of the Group for the financial year ended 30 June 2011 and the state of affairs of the Company and of the Group at that date are set out on pages 39 to 113.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 114.

DIVIDENDS

The directors do not recommend the payment of dividend for the financial year ended 30 June 2011 (2010: HK\$0.06 per share).

RESERVES

Movements in reserves of the Company and the Group during the financial year under review are set out in note 39 to the financial statements and in the consolidated statement of changes in equity. The reserves of the Company available for distribution to shareholders as at 30 June 2011 amounted to RMB4,890,889,000 (2010: RMB4,383,928,000).

DONATIONS

Donations made by the Group during the financial year under review amounted to approximately RMB10 million.



Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the financial year under review are set out in note 16 to the financial statements.

SHARE CAPITAL

During the financial year under review, the Company purchased its shares on the Stock Exchange. All the shares purchased were cancelled. New shares were issued due to the exercise of share options, placing of existing shares and top-up subscription of new shares.

Movements in the issued share capital of the Company are set out in note 37 to the financial statements.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of the Cayman Islands, the jurisdiction in which the Company is incorporated.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year ended 30 June 2011, the Company purchased certain of its shares on the Stock Exchange and such shares were subsequently cancelled by the Company. Further details of these transactions are set out in note 37 to the financial statements.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the financial year under review.



Directors' Report

DIRECTORS

During the financial year under review and up to the date of this report, the directors of the Company are:-

Executive Directors

Mr. Kwok Ho (*Chairman*)
Dr. Li Yan
Ms. Huang Xie Ying

Mr. Kuang Qiao
Mr. Chen Jun Hua
Mr. Chan Chi Po Andy

Non-executive Director

Mr. Ip Chi Ming

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Tam Ching Ho

Professor Lin Shun Quan
Ms. Luan Yue Wen
(retired on 30 December 2013)

Particulars of the directors' remuneration during the financial year under review are set out in note 14 to the financial statements.

Article 116A of the Company's Articles of Association provides that every director shall retire from office at an annual general meeting by rotation at least once for every three consecutive annual general meetings. In accordance therewith, Mr. Kuang Qiao, Mr. Chan Chi Po Andy and Professor Lin Shun Quan will retire from office at the 2014 AGM and, being eligible, offer themselves for re-election.

No retiring directors proposed for re-election at the 2014 AGM have an unexpired service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.



Directors' Report

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2011 and as at the date of this report, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise as notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the Listing Rules were as follows:

Long positions in shares of the Company

As at 30 June 2011

Name of director	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests	2,028,000	645,092,644	19.31%
	Corporate interests (<i>Note</i>)	643,064,644		
Mr. Chan Chi Po Andy	Personal interests	103,528	103,528	0.00%

As at the date of this report

Name of director	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests	2,028,000	645,092,644	19.60%
	Corporate interests (<i>Note</i>)	643,064,644		
Mr. Chan Chi Po Andy	Personal interests	103,528	103,528	0.00%

Note: Held through Kailey Investment Ltd. which is wholly owned by Mr. Kwok Ho.

Directors' Report

Long positions in underlying shares of the Company

As at 30 June 2011

Name of director	Grant date	Exercisable period		Exercise price HK\$	Balance as at 01/07/2010	Number of share options during the financial year under review		Balance as at 30/06/2011	Weighted average closing price HK\$ (Note 2)
		Starting	Ending			Granted (Note 1)	Exercised		
Mr. Kwok Ho	28/01/2003	01/07/2003	to 27/01/2013	1.500	22,113,000	—	—	22,113,000	—
	28/01/2003	01/01/2004	to 27/01/2013	1.500	22,113,000	—	—	22,113,000	—
	28/01/2003	01/01/2005	to 27/01/2013	1.500	22,113,000	—	—	22,113,000	—
Dr. Li Yan	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	500,000	—	500,000	—
Ms. Huang Xie Ying	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	2,000,000	—	2,000,000	—
Mr. Kuang Qiao	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	2,000,000	—	2,000,000	—
Mr. Chen Jun Hua	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	2,000,000	—	2,000,000	—
Mr. Chan Chi Po Andy	24/10/2008	24/10/2008	to 23/10/2018	3.846	2,120,000	—	—	2,120,000	—
	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	3,000,000	—	3,000,000	—
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	2,000,000	—	2,000,000	—
Mr. Fung Chi Kin	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	750,000	—	750,000	—
Mr. Tam Ching Ho	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	750,000	—	750,000	—
Ms. Luan Yue Wen (retired on 30 December 2013)	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	750,000	—	750,000	—

Notes:

1. The closing price immediately before the date of options granted on 26 November 2010 was HK\$6.25.
2. This represents weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised.

Directors' Report

As at the date of this report

Name of director	Grant date	Exercisable period		Exercise price HK\$	Balance as at 01/07/2011	Number of share options during the period from 01/07/2011 to 14/11/2014		Balance as at 14/11/2014
		Starting	Ending			Exercised	Lapsed	
Mr. Kwok Ho	28/01/2003	01/07/2003	to 27/01/2013	1.500	22,113,000	—	22,113,000	—
	28/01/2003	01/01/2004	to 27/01/2013	1.500	22,113,000	—	22,113,000	—
	28/01/2003	01/01/2005	to 27/01/2013	1.500	22,113,000	—	22,113,000	—
Dr. Li Yan	26/11/2010	26/11/2010	to 25/11/2020	6.430	500,000	—	—	500,000
Ms. Huang Xie Ying	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	—	2,000,000
Mr. Kuang Qiao	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	—	2,000,000
Mr. Chen Jun Hua	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	—	2,000,000
Mr. Chan Chi Po Andy	24/10/2008	24/10/2008	to 23/10/2018	3.846	2,120,000	—	—	2,120,000
	26/11/2010	26/11/2010	to 25/11/2020	6.430	3,000,000	—	—	3,000,000
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	—	2,000,000
Mr. Fung Chi Kin	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	—	750,000
Mr. Tam Ching Ho	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	—	750,000
Ms. Luan Yue Wen (retired on 30 December 2013)	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000	—

Save as disclosed above, as at 30 June 2011 and as at the date of this report, none of the directors, chief executives or their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than as stated above, at no time during the financial year under review, the Company, or any of its subsidiaries was a party to any arrangement to enable the directors of the Company, their respective spouses or children under 18 years of age, to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

According to the register maintained by the Company in accordance with Section 336 of the SFO, the following parties, other than the directors of the Company, were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company:–

As at 30 June 2011

Name of shareholder	Capacity	Long/short position	Number of shares and underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. <i>(Note 1)</i>	Beneficial owner	Long	643,064,644	643,064,644	19.25%
Morgan Stanley	Interest of controlled corporation	Long	266,048,957	266,048,957	8.08%
		Short	265,363,136	265,363,136	8.06%
Janus Capital Management LLC	Investment manager	Long	267,667,574	267,667,574	8.01%
Blackrock, Inc.	Interest of controlled corporation	Long	259,199,858	259,199,858 <i>(Note 2)</i>	7.88%
		Short	24,516,066	24,516,066	0.75%
UBS AG	Beneficial owner	Long	93,733,039	251,775,523 <i>(Note 3)</i>	7.54%
	Person having a security in shares	Long	80,224,225		
	Interest of controlled corporation	Long	77,818,259		
	Beneficial owner	Short	61,432,480	138,386,670 <i>(Note 3)</i>	4.14%
	Interest of controlled corporation	Short	76,954,190		
JPMorgan Chase & Co.	Beneficial owner	Long	48,223,305	178,637,332 <i>(Note 4)</i>	5.35%
	Investment manager	Long	17,278,000		
	Custodian corporation/ Approved lending agent	Long	113,136,027		
	Beneficial owner	Short	35,999,170	35,999,170 <i>(Note 4)</i>	1.08%

Directors' Report

Notes:

1. *Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially and wholly owned by Mr. Kwok Ho.*
2. *The aggregate interests in the long position include 42,000 shares through holding of listed physically settled equity derivatives.*
3. *The aggregate interests in the long position include 47,116,599 shares through holding of listed physically settled equity derivatives and the aggregate interests in the short position included 1,540,480 shares through holding of unlisted cash settled equity derivatives.*
4. *The aggregate interests in the long position include a lending pool of 113,136,027 shares and 7,197,037 shares through holding of listed physically settled equity derivatives. The aggregate interests in the short position included 2,015,170 shares through holding of listed physically settled equity derivatives.*

As at the date of this report

Name of shareholder	Capacity	Long/short position	Number of shares and underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note 1)	Beneficial owner	Long	643,064,644	643,064,644	19.25%
Janus Capital Management LLC	Investment manager	Long	262,363,574	262,363,574	7.97%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long	18,158,000	257,144,016 (Note 2)	7.81%
	Person having a security in shares	Long	352,624		
	Interest of controlled corporation	Long	6,955,043		
	Custodian corporation/ Approved lending agent	Long	231,678,349		
	Beneficial owner	Short	14,473,300	20,978,343 (Note 2)	0.64%
	Interest of controlled corporation	Short	6,505,043		
Blackrock, Inc.	Interest of controlled corporation	Long	212,160,246	212,160,246 (Note 3)	6.45%

Notes:

1. *Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially and wholly owned by Mr. Kwok Ho.*
2. *The aggregate interests in the long position include a lending pool of 231,678,349 shares and the aggregate interests in the short position included 1,390,000 shares through holding of unlisted cash settled equity derivatives.*
3. *The aggregate interests in the long position include 302,000 shares through holding of listed cash settled equity derivatives.*

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the directors, the Company maintains sufficient public float as required under the Listing Rules during the financial year ended 30 June 2011 and up to the date of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Apart from the information disclosed under the heading "Connected Transactions" below, there was no other contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted at the end of the financial year under review or at any time during the financial year under review, and in which the directors had direct or indirect material interest, nor there was any other contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the financial year ended 30 June 2011, none of the directors was interested in any business which competes or was likely to compete, either directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the ordinary course of business are provided under note 43 to the financial statements. The transactions stated below constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

On 15 May 2009, Fuzhou Chaoda Modern Agriculture Development Company Limited ("Fuzhou Chaoda") and Fujian Chaoda Agricultural Produce Trading Company Limited ("Fujian Chaoda Trading") entered into an organic fertilizers supply agreement (the "2009 Agreement") for a fixed term of three years commencing 1 July 2009. The 2009 Agreement was approved by the then independent shareholders of the Company at an extraordinary general meeting held on 26 June 2009. During the financial year under review, Fujian Chaoda Trading supplied organic fertilizers to Fuzhou Chaoda in accordance with the terms and conditions of the 2009 Agreement (the "Transactions"). Since Fuzhou Chaoda is a principal wholly owned subsidiary of the Company whereas Fujian Chaoda Trading is a company ultimately controlled by Mr. Kwok Ho, who is the Chairman and a substantial shareholder, the CEO and an executive director of the Company, the Transactions constituted continuing connected transactions of the Company.

The 2009 Agreement enabled the Group to obtain a stable and reliable supply of organic fertilizers. The price of the organic fertilizers supplied under the 2009 Agreement was agreed between the parties at the time when a purchase order was placed and it would not exceed the ex-factory price (net of delivery costs) at which the same type of organic fertilizers was supplied by Fujian Chaoda Trading to independent third parties when the purchase order was placed by Fuzhou Chaoda.

For the financial year ended 30 June 2011, the annual total purchase of the organic fertilizers made by the Group amounted to RMB852,657,000 (2010: RMB677,554,000) which was within the applicable annual cap of RMB1,080,000,000 (the "Approved Annual Cap") as approved by the independent shareholders of the Company.

Directors' Report

Annual review of the Transactions under the Listing Rules

The independent non-executive directors of the Company have reviewed the Transactions and confirmed that they have been entered into by the Group on normal commercial terms in the ordinary and usual course of business of the Group, and in accordance with the relevant agreement governing the Transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Elite Partners, the Company's existing auditors was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Elite Partners has issued its letter containing its conclusion in respect of the Transactions in accordance with Chapter 14A of the Listing Rules, which the letter states that:

- (a) the Transactions have been approved by the Board;
- (b) the Transactions were, in all material respects, in accordance with the pricing policies of the Group;
- (c) the Transactions were entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
- (d) the Transactions have not exceeded the Approved Annual Cap.

SHARE OPTION SCHEME

The principal terms of the Company's share option scheme (the "Scheme") are summarised as below.

Purpose

The purpose of the Scheme is to enable the Board to provide incentive or reward to selected participants for their contribution and continuing efforts to promote the interests of the Company.

Participants

A Category A Participant refers any director (whether executive or non-executive, including any independent non-executive director), or employee (whether full time or part time) of, or any individual for the time being seconded to work for, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

A Category B Participant refers to any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

A Category C Participant refers to (i) any business or joint venture partner, contractor or agent of, (ii) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to, (iii) any supplier, producer or licensor of any goods or services to, (iv) any customer, licensee or distributor of any goods or services of, or (v) any landlord or tenant of, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

The participants shall include any company controlled by one or more persons belonging to any of the above categories of participants.

Directors' Report

Maximum Entitlement

Without the approval of the shareholders of the Company in general meeting, the Board shall not grant options to a participant which would cause the aggregate number of shares already issued and to be issued upon exercise of options in any 12-month period up to the date of grant exceeding 1% of the shares in issue. In the event of a substantial shareholder of the Company or an independent non-executive director or any of their respective associates, any such grant is limited to 0.1% of the shares in issue and an aggregate value of HK\$5 million basing on the closing price of the shares at the date of grant.

Basis of determining exercise price

The option price is determined by the directors provided always that it shall be at least the higher of (i) the closing price of the shares on the offer date, (ii) the average closing price of the shares for the five business days immediately preceding the offer date. The option price shall in no event be less than the nominal amount of one share.

Remaining life of the Scheme

The Scheme was expired on 18 June 2012.

Other terms

The share options granted under the Scheme can be exercised during a period commencing on or after the date of the grant and expiring on such date as the Board may determine in granting the share options but in any event not exceeding ten years from the date of grant. There is no general requirement that a share option must be held for any minimum period before it can be exercised. A consideration of HK\$1 is payable upon accepting the offer of the grant. To exercise a share option, the participant has to, inter alia, tender the payment of the subscription price representing an amount equal to the option price multiplied by the relevant number of shares exercised under the option in full.

Number of shares available for issue

A scheme mandate representing 10% of the then issued share capital of the Company was approved at the time when the Scheme was adopted ("the Scheme Mandate"). The Scheme Mandate was refreshed pursuant to a resolution of the shareholders of the Company passed on 14 February 2006. As at 30 June 2011, 171,612,588 share options granted under the Scheme remained unexercised and outstanding, which represents approximately 5.21% of the issued share capital of the Company as at 30 June 2011 and as at the date of this report.

Share options granted were recognised as expenses of the Company in accordance with the accounting policy as set out in note 2.13(ii) to the financial statements. The determination of the fair value of the share options is also set out in note 38 to the financial statements.

Directors' Report

During the financial year under review, details of the movements of the outstanding share options granted under the Scheme were as follows:

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Balance as at 01/07/2010	Number of share options during the financial year under review		Balance as at 30/06/2011	Weighted average closing price HK\$ (Note 3)
		Starting	Ending			Granted (Note 1)	Exercised (Note 2)		
Directors (Note 4)					68,459,000	13,750,000	—	82,209,000	—
Employees in aggregate	28/05/2004	01/01/2007	to 27/05/2014	2.279	246,940	—	—	246,940	—
	17/08/2005	17/08/2005	to 16/08/2015	2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2006	to 16/08/2015	2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2007	to 16/08/2015	2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2008	to 16/08/2015	2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2009	to 16/08/2015	2.935	210,600	—	—	210,600	—
	01/11/2005	01/11/2007	to 31/10/2015	2.802	75,816	—	—	75,816	—
	01/11/2005	01/11/2008	to 31/10/2015	2.802	118,216	—	—	118,216	—
	01/11/2005	01/11/2009	to 31/10/2015	2.802	497,256	—	—	497,256	—
	31/08/2006	01/04/2007	to 30/08/2016	3.837	463,320	—	—	463,320	—
	31/08/2006	01/04/2008	to 30/08/2016	3.837	568,620	—	—	568,620	—
	31/08/2006	01/04/2009	to 30/08/2016	3.837	568,620	—	—	568,620	—
	31/08/2006	01/04/2010	to 30/08/2016	3.837	1,675,790	—	881,340	794,450	8.07
	31/08/2006	01/04/2011	to 30/08/2016	3.837	23,966,280	—	300,000	23,666,280	4.89
	24/10/2008	24/10/2008	to 23/10/2018	3.846	124,800	—	—	124,800	—
	24/10/2008	24/10/2009	to 23/10/2018	3.846	153,170	—	—	153,170	—
	24/10/2008	24/10/2010	to 23/10/2018	3.846	644,800	—	—	644,800	—
	24/10/2008	24/10/2011	to 23/10/2018	3.846	644,800	—	—	644,800	—
	24/10/2008	24/10/2012	to 23/10/2018	3.846	644,800	—	—	644,800	—
	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	54,125,000	—	54,125,000	—
	26/11/2010	26/11/2011	to 25/11/2020	6.430	—	925,000	—	925,000	—
	26/11/2010	26/11/2012	to 25/11/2020	6.430	—	925,000	—	925,000	—
	26/11/2010	26/11/2013	to 25/11/2020	6.430	—	925,000	—	925,000	—
Other Participants in aggregate	31/08/2006	01/04/2010	to 30/08/2016	3.837	185,700	—	—	185,700	—
	31/08/2006	01/04/2011	to 30/08/2016	3.837	1,053,000	—	—	1,053,000	—
	26/11/2010	26/11/2010	to 25/11/2020	6.430	—	1,000,000	—	1,000,000	—
Total					101,143,928	71,650,000	1,181,340	171,612,588	

Directors' Report

Notes:

1. The closing price immediately before the date of options granted on 26 November 2010 was HK\$6.25.
2. Shares for 1,181,340 exercised share options were allotted during the financial year under review (2010: 103,327,440 shares). Shares for 32,120 share options exercised in June 2010 were allotted in July 2010.
3. This represents weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised. A total of 1,181,340 share options were exercised during the financial year ended 30 June 2011 and the weighted average closing price of the share immediately before the dates on which the share options were exercised was HK\$7.26 (2010: HK\$8.27).
4. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' Interests in Securities".
5. No share options have been lapsed or cancelled during the financial year ended 30 June 2011.

RETIREMENT BENEFITS

Particulars of the Group's retirement benefits are set out in notes 2.13(i) and 9(b) to the financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year under review.

MAJOR SUPPLIERS AND CUSTOMERS

During the financial year under review, the percentage of the total purchases and sales attributable to the Group's major suppliers and customers were as follows:

	Percentage of total purchases
The largest supplier	35%
Five largest suppliers in aggregate	48%

	Percentage of total sales
The largest customer	3%
Five largest customers in aggregate	10%

The largest supplier of the Group, Fujian Chaoda Trading, is a 95% owned subsidiary of Fujian Chaoda Group Limited, a limited company incorporated in the PRC, which is owned as to 95% by Mr. Kwok Ho, the Chairman, the CEO, an executive director and a substantial shareholder of the Company.

Save as disclosed above, none of the directors of the Company or their respective associates or any shareholder (who to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in any of the suppliers or customers disclosed above.

Directors' Report

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 11 to 18 of this annual report.

AUDITORS

Due to a merger of the practices of Grant Thornton with that of BDO, Grant Thornton resigned as auditors of the Company and BDO was appointed as auditors of the Company with effect from 2 December 2010.

On 26 April 2012, BDO resigned their position as auditors of the Company. Crowe Horwath (HK) CPA Limited ("Crowe Horwath") was appointed as the auditors of the Company on 1 February 2013.

Following the resignation of the former auditors, Crowe Horwath, on 30 July 2014, Elite Partners has been engaged to act as the auditors of the Company, whose appointment was to take effect on 18 August 2014. A resolution for re-appointing Elite Partners as auditors of the Company will be proposed for the consideration of the shareholders at the 2014 AGM.

The financial statements for the financial year ended 30 June 2011 have been audited by Elite Partners.

On behalf of the Board

Kwok Ho
Chairman

Hong Kong, 14 November 2014



Independent Auditors' Report



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

TO THE SHAREHOLDERS OF CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 113, which comprise the consolidated and company statements of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, the consolidated statement of change in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditors' Report (*continued*)

BASIS OF QUALIFIED OPINION

We were initially appointed as auditors on 18 August 2014 which was subsequent to the year end of the Company and thus, we were unable to observe the physical counting and inspection of the Group's property, plant and equipment, construction-in-progress, biological assets, and inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the quantities and condition of such items appearing in the consolidated statement of financial position as at 30 June 2011.

Furthermore, as disclosed in the note to the consolidated financial statements concerning the events after the reporting period, certain property, plant and equipment were subsequently disposed of after the end of the reporting period. Due to our limitation to perform physical inspection as mentioned above, we were unable to satisfy ourselves by alternative means concerning the physical existence of such assets. Consequently, we were unable to determine whether any adjustments to these amounts in the consolidated statement of financial position as at 30 June 2011 and the elements making up the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2011 were necessary.

QUALIFIED OPINION ARISING FROM LIMITATION OF SCOPE

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Elite Partners CPA Limited

Certified Public Accountants

Hong Kong, 14 November 2014

Yip Kai Yin

Practising Certificate Number: P05131

Suites 2B – 4A, 20th Floor, Tower 5
China Hong Kong City, 33 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
Turnover	5	8,064,750	6,963,717
Cost of sales		(3,076,887)	(2,386,353)
Gross profit		4,987,863	4,577,364
Other revenues	6	179,538	45,704
Gain arising from changes in fair value less costs to sell of biological assets	19	282,045	153,480
Selling and distribution expenses		(962,565)	(779,547)
General and administrative expenses		(343,583)	(153,274)
Research expenses		(47,209)	(27,078)
Other operating expenses	8	(885,717)	(248,046)
Profit from operations		3,210,372	3,568,603
Finance costs	9(a)	(83,947)	(79,291)
Share of results of associates		(741)	174,646
Gain on deemed acquisition of additional interests in an associate		—	1,678
Loss on deemed disposals of interests in an associate		—	(6,923)
Loss on partial disposals of an associate		—	(1,637)
Gain on disposal of an associate	20	48,174	—
Profit before income tax	9	3,173,858	3,657,076
Income tax expense	10	(178)	(244)
Profit for the year		3,173,680	3,656,832
Other comprehensive income/(expense), including reclassification adjustments and net of income tax			
Exchange loss on translation of financial statements of foreign operations		(88,461)	(802)
Fair value gain on available-for-sale investments	20	206,785	—
Other comprehensive income/(expense) for the year, including reclassification adjustments and net of income tax		118,324	(802)
Total comprehensive income for the year		3,292,004	3,656,030

Consolidated Statement of Comprehensive Income (*continued*)

For the year ended 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
Profit for the year attributable to:			
Owners of the Company	11	3,276,915	3,658,874
Non-controlling interests		(103,235)	(2,042)
		3,173,680	3,656,832
Total comprehensive income for the year attributable to:			
Owners of the Company		3,409,731	3,658,072
Non-controlling interests		(117,727)	(2,042)
		3,292,004	3,656,030
Earnings per share for profit attributable to the owners of the Company during the year			
— Basic	13(a)	RMB0.99	RMB1.18
— Diluted	13(b)	RMB0.96	RMB1.15

Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	9,666,312	7,369,573
Construction-in-progress	17	85,457	270,690
Prepaid premium for land leases	18	6,522,621	5,420,459
Biological assets	19	3,225,805	2,628,101
Available-for-sale investments	20	972,317	—
Deferred development costs	21	15,680	33,730
Deferred expenditure	22	537,578	473,027
Intangible assets	23	488,649	888,800
Interests in associates	25	7,573	879,368
		21,521,992	17,963,748
Current assets			
Prepaid premium for land leases	18	168,836	151,842
Biological assets	19	1,247,676	965,576
Inventories	26	37,273	36,912
Trade receivables	27	316,942	418,385
Other receivables, deposits and prepayments	28	500,224	177,502
Cash and cash equivalents	29	3,332,630	2,044,349
		5,603,581	3,794,566
Current liabilities			
Amounts due to a related company	30	79,129	51,618
Trade and bills payables	31	18,738	27,665
Other payables and accruals		124,519	135,421
Bank loans	33	—	14,500
		222,386	229,204
Net current assets		5,381,195	3,565,362
Total assets less current liabilities		26,903,187	21,529,110
Non-current liabilities			
Convertible bonds	34	1,038,741	—
Deferred tax liabilities	36	20,655	20,655
		1,059,396	20,655
Net assets		25,843,791	21,508,455

Consolidated Statement of Financial Position (*continued*)

As at 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital	37	332,787	323,892
Reserves	39	25,364,992	20,920,824
		25,697,779	21,244,716
Non-controlling interests		146,012	263,739
Total equity		25,843,791	21,508,455

The consolidated financial statements on pages 39 to 113 were approved and authorised for issue by the Board of Directors on 14 November 2014 and are signed on its behalf by:

Kwok Ho
Director

Chan Chi Po Andy
Director

Statement of Financial Position

As at 30 June 2011

	Notes	2011 RMB'000	2010 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	106	130
Interests in subsidiaries	24	5,782,289	4,109,631
		5,782,395	4,109,761
Current assets			
Other receivables, deposits and prepayments		916	1,371
Cash and cash equivalents	29	297,272	41,382
		298,188	42,753
Current liabilities			
Amounts due to subsidiaries	32	310,656	180,914
Other payables and accruals		10,184	6,531
		320,840	187,445
Net current liabilities		(22,652)	(144,692)
Total assets less current liabilities		5,759,743	3,965,069
Non-current liabilities			
Convertible bonds	34	1,038,741	—
Net assets		4,721,002	3,965,069
EQUITY			
Share capital	37	332,787	323,892
Reserves	39	4,388,215	3,641,177
Total equity		4,721,002	3,965,069

The consolidated financial statements on pages 39 to 113 were approved and authorised for issue by the Board of Directors on 14 November 2014 and are signed on its behalf by:

Kwok Ho
Director

Chan Chi Po Andy
Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	2011 RMB'000	2010 RMB'000
Cash flows from operating activities		
Profit before income tax	3,173,858	3,657,076
Adjustments for:		
Finance costs	83,947	79,291
Share of results of associates	741	(174,646)
Gain on deemed acquisition of additional interests in an associate	—	(1,678)
Loss on deemed disposals of interests in an associate	—	6,923
Loss on partial disposals of an associate	—	1,637
Gain on disposal of an associate	(48,174)	—
Interest income	(94,563)	(6,000)
Scrip dividend income from available-for-sale investments	(22,213)	—
Depreciation of property, plant and equipment	555,012	522,210
Amortisation of prepaid premium for land leases	111,946	126,725
Gain on disposal of land use rights	—	(1,686)
Loss on disposals of property, plant and equipment	43,556	31,636
Deferred development costs written off	6,500	—
Deferred expenditure written off	1,938	—
Impairment loss on property, plant and equipment	4,047	—
Impairment loss on prepaid premium of land leases	165,648	—
Impairment loss on intangible assets	349,316	—
Amortisation of deferred development costs	11,550	13,450
Amortisation of deferred expenditure	157,275	123,604
Provision for impairment of trade receivables	6,560	910
Other receivables written off	16,458	—
Gain arising from changes in fair value less costs to sell of biological assets	(282,045)	(153,480)
Employee share option benefits	163,059	15,785
Waiver of other payables	(18,724)	—
Operating profit before working capital changes	4,385,692	4,241,757
Increase in trade receivables, other receivables, deposits and prepayments	(254,875)	(3,081)
Increase in biological assets	(337,592)	(686,586)
Increase in inventories	(361)	(20,442)
(Decrease)/Increase in trade and bills payables, other payables and accruals	(242)	768
Increase/(Decrease) in amounts due to a related company	27,511	(8,894)
Cash generated from operations	3,820,133	3,523,522
Interest received	94,563	6,000
Finance costs paid	(25,138)	(73,738)
Dividends paid	(257,609)	(133,684)
Income tax paid	(178)	(244)
Net cash generated from operating activities	3,631,771	3,321,856

Consolidated Statement of Cash Flows (continued)

For the year ended 30 June 2011

	2011 RMB'000	2010 RMB'000
Cash flows from investing activities		
Acquisition of subsidiaries (Note 40)	—	1,392
Purchases of property, plant and equipment	(1,135,609)	(144,551)
Proceeds from disposals of property, plant and equipment	49,251	54,845
Payments of construction-in-progress	(1,819,604)	(2,376,019)
Payments of deferred development costs	—	(20,200)
Payments of prepaid premium for land leases	(1,509,000)	(744,100)
Refunds of prepaid premium of land leases	71,995	94,783
Proceeds from disposal of land use rights	—	35,857
Proceeds from partial disposals of interests in an associate	148,149	273,012
Payments of deferred expenditure	(240,029)	(344,556)
Additional investment in associates	—	(1,809)
Increase in short-term bank deposits not mature within three months	(830,000)	—
Net cash used in investing activities	(5,264,847)	(3,171,346)
Cash flows from financing activities		
Proceeds from issue of new shares under share placements	1,002,700	—
Proceeds from shares issued on exercise of share options	3,960	340,948
Proceeds from issue of call options	40,278	—
Proceeds from issue of convertible bonds	1,314,768	—
Repurchase of shares	(175,407)	—
Share issue expenses	(31,174)	—
Repayment of guaranteed senior notes	—	(1,544,400)
Capital contribution from non-controlling interests	—	880
New bank loans	5,000	50,500
Repayments of bank loans	(19,500)	(60,000)
Net cash generated from/(used in) financing activities	2,140,625	(1,212,072)
Net increase/(decrease) in cash and cash equivalents	507,549	(1,061,562)
Cash and cash equivalents at beginning of the year	2,044,349	3,106,713
Effect of foreign exchange rate changes, net	(49,268)	(802)
Cash and cash equivalents at end of the year (Note 29)	2,502,630	2,044,349

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Attributable to the owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2009	309,623	4,038,903	94,894	290,011	723	169,701	678,169	11,171,765	16,753,789	3,554	16,757,343
Arising from acquisition of subsidiaries (Note 40)	5,176	604,630	—	—	—	—	—	—	609,806	261,347	871,153
Shares issued under share option scheme	9,093	532,007	—	(200,152)	—	—	—	—	340,948	—	340,948
Employee share option benefits	—	—	—	15,785	—	—	—	—	15,785	—	15,785
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	880	880
2008/2009 final dividends paid	—	—	—	—	—	—	—	(133,684)	(133,684)	—	(133,684)
Transactions with owners	14,269	1,136,637	—	(184,367)	—	—	—	(133,684)	832,855	262,227	1,095,082
Profit for the year	—	—	—	—	—	—	—	3,658,874	3,658,874	(2,042)	3,656,832
Other comprehensive expense — Currency translation differences	—	—	—	—	—	(802)	—	—	(802)	—	(802)
Total comprehensive income/ (expense) for the year	—	—	—	—	—	(802)	—	3,658,874	3,658,072	(2,042)	3,656,030
Release of exchange reserve upon repayment of guaranteed senior notes	—	—	—	—	—	(312,050)	—	312,050	—	—	—
Appropriations	—	—	—	—	—	—	3,641	(3,641)	—	—	—
At 30 June 2010	323,892	5,175,540	94,894	105,644	723	(143,151)	681,810	15,005,364	21,244,716	263,739	21,508,455

Consolidated Statement of Changes in Equity (continued)

For the year ended 30 June 2011

	Attributable to the owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Call option reserve RMB'000	Convertible bonds equity reserve RMB'000	Exchange reserve RMB'000	Investment revaluation reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2010	323,892	5,175,540	94,894	105,644	723	—	—	(143,151)	—	681,810	15,005,364	21,244,716	263,739	21,508,455
Shares issued under share option scheme	103	5,993	—	(2,136)	—	—	—	—	—	—	—	3,960	—	3,960
Shares issued under share placements	13,316	989,384	—	—	—	—	—	—	—	—	—	1,002,700	—	1,002,700
Repurchase of shares	(4,524)	(170,883)	—	—	4,524	—	—	—	—	—	(4,524)	(175,407)	—	(175,407)
Share issue expenses	—	(31,174)	—	—	—	—	—	—	—	—	—	(31,174)	—	(31,174)
Employee share option benefits	—	—	—	163,059	—	—	—	—	—	—	—	163,059	—	163,059
Issue of call options	—	—	—	—	—	40,278	—	—	—	—	—	40,278	—	40,278
Issue of convertible bonds	—	—	—	—	—	—	297,525	—	—	—	—	297,525	—	297,525
2009/2010 final dividends paid	—	—	—	—	—	—	—	—	—	—	(172,379)	(172,379)	—	(172,379)
2010/2011 interim dividends paid	—	—	—	—	—	—	—	—	—	—	(85,230)	(85,230)	—	(85,230)
Transactions with owners	8,895	793,320	—	160,923	4,524	40,278	297,525	—	—	—	(262,133)	1,043,332	—	1,043,332
Profit for the year	—	—	—	—	—	—	—	—	—	—	3,276,915	3,276,915	(103,235)	3,173,680
Other comprehensive income/(expense)														
— Currency translation differences	—	—	—	—	—	—	—	(73,969)	—	—	—	(73,969)	(14,492)	(88,461)
— Fair value gain on available-for-sale investments	—	—	—	—	—	—	—	—	206,785	—	—	206,785	—	206,785
Total comprehensive income/(expense) for the year	—	—	—	—	—	—	—	(73,969)	206,785	—	3,276,915	3,409,731	(117,727)	3,292,004
Appropriations	—	—	—	—	—	—	—	—	—	5,013	(5,013)	—	—	—
At 30 June 2011	332,787	5,968,860	94,894	266,567	5,247	40,278	297,525	(217,120)	206,785	686,823	18,015,133	25,697,779	146,012	25,843,791

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

1. GENERAL INFORMATION

Chaoda Modern Agriculture (Holdings) Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 December 2000. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in Note 44. The Company and its subsidiaries are referred to as the "Group" hereafter. There were no significant changes in the Group's operations during the year.

The consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared under historical cost convention except for certain assets such as biological assets and financial instruments classified as available-for-sale investments which are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.3 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interests in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interests in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interests and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.4 Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated using straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Leasehold improvements	2 to 10 years or over the lease term whichever is the shorter
Buildings	33 to 50 years or over the lease term whichever is the shorter
Furniture, fixture and equipment	5 to 20 years
Motor vehicles	5 years
Farmland infrastructure	5 to 20 years
Computer equipment	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Prepaid premium for land leases*

Prepaid premium for land leases include long-term prepaid rentals under operating leases and land use rights. These are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on straight-line method over the period of the respective leases.

Cost of land use rights represents up-front payments to acquire the rights to use the land on which various warehouses, office premises and processing factories of the Group are situated.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.5 Leases (*continued*)

(ii) *Operating leases charges as the lessee*

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the financial year in which they are incurred.

2.6 Intangible assets and research and development activities

(i) *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) *Research and development activities*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.6 Intangible assets and research and development activities (*continued*)

(iii) *Intangible assets acquired in a business combination*

Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.7 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.8 Biological assets

Biological assets are living animals and/or plants managed by the Group which is involved in the agricultural activities of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. Biological assets are measured at fair value less costs to sell at initial recognition and at each reporting date. The fair value of biological assets is determined based on either the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate or the market price with reference to the species, growing condition, costs incurred and expected yield of the crops.

The agricultural produce is initially measured at fair value less costs to sell. The fair value of agricultural produce is measured at the market prices in the local market. The fair value less costs to sell is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on initial recognition of biological asset at fair value less costs to sell and from a change in fair value less costs to sell is recognised in profit or loss for the financial year in which it arises.

2.9 Deferred expenditure

Deferred expenditure is stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to profit or loss on straight-line method over the period of three to ten years.

2.10 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.11 Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for the sale of goods and rendering of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) Sales of crops, livestock and milk are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed;
- (ii) Interest income is recognised on a time-proportion basis using the effective interest method;
- (iii) Agency income is recognised when the agreed services are rendered; and
- (iv) Dividend income is recognised when the right to receive payments is established.

2.12 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK\$"). The consolidated financial statements are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.12 Foreign currencies (*continued*)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interests in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the exchange reserve.

2.13 Employee benefits

(i) Retirement benefit obligations

The Group contributes to a defined contribution retirement benefit scheme (the "MPF scheme") under the Mandatory Provident Fund Scheme Ordinance for those employees in Hong Kong. The Group and its employees are each required to make contributions to the MPF scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the MPF scheme vest immediately and the assets of the MPF scheme are held separately from those of the Group in independently administered funds.

The employees of the Group's subsidiaries which operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.13 Employee benefits (*continued*)

(ii) *Share-based employee compensation*

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to employee share-based compensation reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the vested share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

2.14 Inventories

The Group's inventories, comprising agricultural materials and merchandise purchased for resale, are carried at the lower of cost and net realisable value.

Costs of agricultural materials and merchandise purchased for resale are stated at their purchase costs calculated on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.17 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Other than investments in subsidiaries and associates, the Group's financial assets are classified into (i) loans and receivables and (ii) available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit and loss.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.17 Financial instruments (*continued*)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are reversed against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.17 Financial instruments (*continued*)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interests in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities including trade and bills payables, amounts due to a related company, other payables and accruals, bank loans and convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Convertible bonds contains liability and equity components

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.17 Financial instruments (*continued*)

Financial liabilities and equity instruments (continued)

Convertible bonds contains liability and equity components (continued)

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the lives of the convertible bonds using the effective interest method.

When the Company extinguishes a convertible bonds before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the Company when the convertible instrument was issued. The gain or loss relating to the equity component is recognised in equity. The gain or loss relating to the liability component is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.19 Accounting for income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

2.21 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or is the close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 July 2010:

HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HK — Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
HKFRSs (Amendments)	Annual improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Annual improvements to HKFRSs issued in 2010*

* Except for the amendments that are effective for annual periods beginning on or after 1 January 2011

Except as described below, the application of the new HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Annual improvements in HKFRSs 2009

The improvements to HKFRSs 2009 consist of amendments to various existing standards, including an improvement to HKAS 17 Leases. The amendment to HKAS 17 relates to the classification of leasehold land. Before the amendment, the Group classifies leasehold land as operating lease and presented as prepaid premium for land leases in the consolidated statement of financial position. The amendments to HKAS 17 require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The Group reassessed its unexpired leasehold land as at 1 July 2010 on the basis of information existing at the inception of those leases. As a result, the adoption of the amendment to HKAS 17 has no effect on the Group’s results and financial position.

At the date of authorisation of the consolidated financial statements, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company (the “Directors”) anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group’s accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

3. APPLICATION OF NEW AND REVISED HKFRSs (*continued*)

HKFRS 9 — Financial instruments

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2018 and introduces a logical model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and Measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.
- The impairment requirements relating to the accounting for an entity’s expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

The Directors expect that the implementation of HKFRS 9 in the future will affect the classification and measurement in respect of the Group’s available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

3. APPLICATION OF NEW AND REVISED HKFRSs (*continued*)

HKFRS 10 — Consolidation financial statements

HKFRS 10 is effective for accounting periods beginning on or after 1 January 2013 and introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of “de facto” control where an investor can control an investee while holding less than 50% of the investee’s voting rights in circumstances where its voting interests is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholder to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The Directors expect that the implementation of HKFRS 10 would change the accounting policy with respect to determining whether it has control over an investee but may not have material impact on the Group’s results and financial position.

HKFRS 12 — Disclosure of interests in other entities

HKFRS 12 is effective for the accounting periods beginning on or after 1 January 2013. HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity’s interests in other entities and the effects of those interests on the reporting entity’s financial statements. The Directors expect that the implementation of HKFRS 12 may result in more extensive disclosures in the consolidated financial statements, but no material impact on the Group’s results, cash flows and financial position.

HKFRS 13 — Fair value measurement

HKFRS 13 is effective for the accounting periods beginning on or after 1 January 2013 and provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 “Financial Instruments: Disclosures”. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively. The Directors expect that the implementation of HKFRS 13 may result in more extensive disclosures on the Group’s biological assets in the consolidated financial statements, but no material impact on the Group’s results, cash flows and financial position.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

3. APPLICATION OF NEW AND REVISED HKFRSs (*continued*)

HKAS 1 (Amendments) — Presentation of items of other comprehensive income

The amendments is effective for the accounting periods beginning on or after 1 July 2012 and require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. fair value gain on available-for-sale investments) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively. The Directors consider that the presentation of items of other comprehensive income will be modified to reflect the changes in the first year of application but the amendments will not result in any impact on the Group's results and financial position.

HKAS 16 and HKAS 41 (Amendments) — Bearer plants

The amendments are effective for the accounting periods beginning on or after 1 January 2016. The amendments introduce the definition of bearer plants and extend the scope of HKAS 16 to include bearer plants, and explicitly exclude bearer plants from the scope of HKAS 41. The produce on bearer plants remains within the scope of HKAS 41. Prior to the amendments, the accounting for bearer plants was within the scope of HKAS 41, which requires all biological assets to be measured at fair value less costs to sell (except for rare cases in which the presumption that fair value can be measured reliably is rebutted). The measurement principle of fair value for biological assets is based on the premise that the transformation of biological assets is best reflected by fair value measurement. The amendments enable entities to account for bearer plants in accordance with HKAS 16, using either the cost model or the revaluation model. Before bearer plants are able to bear agricultural produce (i.e. before maturity), they are accounted for as self-constructed items of property, plant and equipment. The agricultural produce of the bearer plant remains within the scope of HKAS 41 and is therefore accounted for at fair value. The Directors are currently assessing the possible impact of the amendments on the Group's results and financial position in the first year of application.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (*continued*)

(i) Depreciation and amortisation

The Group depreciates its property, plant and equipment and amortises its prepaid premium for land leases, intangible assets, deferred development costs and deferred expenditure in accordance with the accounting policies stated in Note 2.4, Note 2.5(i), Note 2.6(i), Note 2.6(ii) and Note 2.9 respectively. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

(ii) Estimated impairment loss on property, plant and equipment

The impairment loss for property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. As at 30 June 2011, the carrying amount of the property, plant and equipment was approximately RMB9,666,312,000 (2010: RMB7,369,573,000). During the year ended 30 June 2011, an impairment loss of approximately RMB4,047,000 (2010: nil) was recognised on property, plant and equipment.

(iii) Impairment of other non-financial assets

The Group assesses whether there are any indicators of impairment for all other non-financial assets, including prepaid premium for land leases, deferred development costs and deferred expenditure, at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the assets or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. As at 30 June 2011, the carrying amount of prepaid premium for land leases, deferred development cost and deferred expenditure was approximately RMB6,691,457,000, RMB15,680,000 and RMB537,578,000 (2010: RMB5,572,301,000, RMB33,730,000 and RMB473,027,000). During the year ended 30 June 2011, an impairment loss of approximately RMB165,648,000 (2010: nil) was recognised on prepaid premium for land leases.

(iv) Initial recognition and impairment of intangible asset

Determining the initial fair value of intangible asset and using the value-in-use approach to determine whether intangible asset is impaired requires the Group to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2011, the carrying amount of intangible assets is RMB488,649,000 (2010: RMB888,800,000). During the year ended 30 June 2011, impairment of RMB349,316,000 (2010: nil) was recognised.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (*continued*)

(v) Impairment of trade receivables, other receivables, deposits and prepayments

The Group estimates impairment loss on trade receivables, resulting from the inability of customers or debtors to make the required payments and when there is objective evidence that the Group will not be able to collect full amounts due. These estimates were based on the payment history, customers or debtors' creditworthiness, historical write off experience and default or delinquency in payments. If the financial condition of the customers or debtors were to deteriorate, actual write-offs would be higher than estimated. As at 30 June 2011, the carrying amount of the trade receivables were approximately RMB316,942,000 net of allowance for doubtful debts of approximately RMB10,483,000 (2010: the carrying amount of trade receivables were approximately RMB418,385,000, net of allowance for doubtful debts of approximately RMB3,923,000). During the year ended 30 June 2011, impairment loss in respect of trade receivables was recognised in profit or loss amounted to RMB6,560,000 (2010: RMB910,000).

(vi) Fair value of biological assets

The Group's biological assets are stated at fair value less costs to sell on initial recognition and at the end of each reporting period. The management of the Company determines the fair values less costs to sell with reference to the market-determined prices, cultivation area, species, growing conditions, costs incurred, expected yield of the crops and discount rates and/or the professional valuation. Any change in the estimates may affect the fair value of the biological assets significantly. The management reviews the assumptions and estimates periodically to identify any significant change in the fair value of the biological assets. The carrying amounts of the Group's biological assets as at 30 June 2011 were approximately RMB4,473,481,000 (2010: RMB3,593,677,000).

(vii) Provision for income tax

The Group's operating subsidiaries in the PRC are subject to income taxes in the PRC. Determining income tax provisions involves the exercise of significant judgement on interpretation of the relevant tax rules and regulations. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. The amount of income tax and therefore, profit or loss could be affected by any interpretations and clarifications which the tax authority may issue from time to time.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

5. TURNOVER

The principal activities of the Group are the growing and sales of crops, and breeding and sales of livestock.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011 RMB'000	2010 RMB'000
Sales of crops	8,005,262	6,902,597
Sales of livestock	59,488	61,120
	8,064,750	6,963,717

6. OTHER REVENUES

	2011 RMB'000	2010 RMB'000
Interest income	94,563	6,000
Scrip dividend income from available-for-sale investments	22,213	—
Waiver of other payables	18,724	—
Agency fee income	5,511	9,212
Gain on disposal of land use rights	—	1,686
Sales of milk	29,396	18,241
Sundry income	9,131	10,565
	179,538	45,704

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

7. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations. The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the PRC market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating result and asset for both years ended 30 June 2011 and 2010 were mainly derived from its growing and sales of crops. Consequently, no operating segment analysis is presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. Over 90% of the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

There is no single customer contributing over 10% of total revenue of the Group for the years ended 30 June 2011 and 2010.

8. OTHER OPERATING EXPENSES

	2011 RMB'000	2010 RMB'000
Expenses incurred for fallow farmlands	204,678	151,542
Impairment loss on property, plant and equipment	4,047	—
Impairment loss on intangible assets	349,316	—
Impairment loss on prepaid premium for land leases	165,648	—
Natural crop losses	44,804	23,120
Compensation paid for land leasing	50,836	24,936
Loss on disposals of property, plant and equipment	43,556	31,636
Deferred expenditure written off	1,938	—
Plantation costs for windbreaks	10,154	11,044
Donations	10,287	2,942
Others	453	2,826
	885,717	248,046

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

(a) Finance costs

	2011 RMB'000	2010 RMB'000
Bank and finance charges	114	5,705
Interest on bank loans wholly repayable within five years	481	1,106
Interest on guaranteed senior notes issued	—	72,480
Effective interest on convertible bonds (<i>Note 34</i>)	83,352	—
	83,947	79,291

(b) Staff costs (including directors' remuneration — Note 14)

	2011 RMB'000	2010 RMB'000
Salaries, wages and other benefits	892,112	625,523
Employee share option benefits	163,059	15,785
Retirement benefit costs	5,389	5,095
	1,060,560	646,403

(c) Other items

	2011 RMB'000	2010 RMB'000
Auditors' remuneration	2,764	4,205
Amortisation of deferred development costs	11,550	13,450
Amortisation of prepaid premium for land leases, net of amount capitalised	111,946	126,725
Amortisation of deferred expenditure, net of amount capitalised	157,275	123,604
Cost of inventories sold	3,076,887	2,386,353
Depreciation of property, plant and equipment, net of amount capitalised	555,012	522,210
Deferred development costs written off	6,500	—
Operating lease expenses		
— Land and buildings	272,237	197,685
— Motor vehicles	102	102
Provision for impairment of trade receivables	6,560	910
Other receivables written off	16,458	—

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

10. INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2011 RMB'000	2010 RMB'000
Current tax		
— PRC income tax (<i>Note (i)</i>)	178	244
— Hong Kong profits tax (<i>Note (ii)</i>)	—	—
	178	244

Notes:

- (i) According to the PRC tax law and its interpretation rules (the "PRC Tax Law"), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. Fuzhou Chaoda Agriculture Development Company Limited, the Company's principal subsidiary and other PRC subsidiaries engaged in qualifying agricultural business, which include growing and sales of crops and breeding and sales of livestock, are entitled to full exemption of enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% (2010: 25%).

- (ii) No provision for Hong Kong profits tax has been made as there is no estimated assessable profits (2010: Nil) for the Company and its subsidiaries operating in Hong Kong during the year.

Reconciliation between the Group's income tax expense and accounting profit at applicable tax rates are as follows:

	2011 RMB'000	2010 RMB'000
Profit before income tax	3,173,858	3,657,076
Notional tax on profit before income tax, calculated at the rate applicable to profits in the tax jurisdictions concerned	835,258	909,985
Net tax effect of expense and income that are not deductible and taxable in determining taxable profit and tax allowance	79,490	(3,718)
Tax effect of unrecognised tax losses	7,996	4,704
Tax effect of previous years' unrecognised tax losses utilised this year	—	(151)
Tax effect of profit exempted from income tax as a result of tax benefits	(922,566)	(910,576)
Income tax expense	178	244

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

11. PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated profit attributable to the owners of the Company of RMB3,276,915,000 (2010: RMB3,658,874,000), a loss of RMB281,835,000 (2010: RMB119,240,000) has been dealt with in the financial statements of the Company.

Reconciliation of the above amounts to the Company's (loss)/profit for the year:

	2011 RMB'000	2010 RMB'000
Loss dealt with in the Company's financial statements included in the consolidated profit attributable to the owners of the Company	(281,835)	(119,240)
Dividends from subsidiaries related to the profits of the current and previous financial years, approved and paid during the year	257,609	133,684
Company's (loss)/profit for the year (<i>Note 39</i>)	(24,226)	14,444

12. DIVIDENDS

(a) Dividends payable to the owners of the Company attributable to the year:

	2011 RMB'000	2010 RMB'000
Interim dividend of HK\$0.030 (2010: nil) per ordinary share	85,230	—
Proposed final dividend (2010: HK\$0.060 per ordinary share)	—	172,561

The Directors do not recommend the payment of final dividend for the year ended 30 June 2011.

(b) Dividends payable to the owners of the Company attributable to the previous financial year, approved and paid during the year:

	2011 RMB'000	2010 RMB'000
Final dividend of HK\$0.060 (2010: HK\$0.050) per ordinary share in respect of the previous financial year, approved and paid during the year	172,379	133,684

At the annual general meeting held on 30 November 2010, final dividend for the year ended 30 June 2010 of HK\$0.060 (equivalent to approximately RMB0.052) per ordinary share was declared and approved. The dividend was paid during the year and the amount was reflected as appropriation of retained profits for the year ended 30 June 2011.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of RMB3,276,915,000 (2010: RMB3,658,874,000) and the weighted average number of 3,316,466,000 (2010: 3,093,954,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to the owners of the Company of RMB3,360,267,000 (2010: RMB3,658,874,000) and the weighted average number of 3,507,550,000 (2010: 3,187,186,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme and convertible bonds. The computation of diluted earnings per share does not assume the exercise of the Company's call options in issue as the exercise price of those call options is higher than the average market price for shares for the year ended 30 June 2011.

The calculation of the diluted earnings per share is based on the following data:

Profit attributable to the owners of the Company (diluted)

	2011 RMB'000	2010 RMB'000
Profit attributable to the owners of the Company	3,276,915	3,658,874
Effective interest on convertible bonds	83,352	—
Profit used to determine diluted earnings per share	3,360,267	3,658,874

Weighted average number of ordinary shares (diluted)

	2011 Number of shares '000	2010 Number of shares '000
Weighted average number of ordinary shares used in calculating basic earnings per share	3,316,466	3,093,954
Deemed issue of ordinary shares — share options	52,796	93,232
Deemed issue of ordinary shares — convertible bonds	138,288	—
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,507,550	3,187,186

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

14. DIRECTORS' REMUNERATION

Emoluments paid and payable to the Company's Directors for the year ended 30 June 2011 were as follows:

Name of Directors	Fees RMB'000	Basic salaries and bonus RMB'000	Allowance RMB'000	Retirement	Employee	Total emoluments RMB'000
				benefit scheme contributions RMB'000	share option benefits RMB'000	
Executive Directors						
Kwok Ho	—	2,815	2,296	10	—	5,121
Chan Chi Po, Andy	—	1,845	—	10	6,647	8,502
Chen Jun Hua (<i>Note (a)</i>)	—	578	—	10	4,431	5,019
Huang Xie Ying (Wong Hip Ying)	—	412	—	—	4,431	4,843
Kuang Qiao (Fong Jao)	—	231	—	—	4,431	4,662
Li Yan (Lee Yan)	—	149	—	—	1,108	1,257
Non-executive Director						
Ip Chi Ming	—	1,090	—	10	4,431	5,531
Independent Non-executive Directors						
Fung Chi Kin	406	—	—	—	1,662	2,068
Tam Ching Ho	406	—	—	—	1,662	2,068
Luan Yue Wen (<i>Note (b)</i>)	299	—	—	—	1,662	1,961
Lin Shun Quan	63	—	—	—	—	63
	1,174	7,120	2,296	40	30,465	41,095

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

14. DIRECTORS' REMUNERATION (*continued*)

Emoluments paid and payable to the Company's Directors for the year ended 30 June 2010 were as follows:

Name of Directors	Fees RMB'000	Basic salaries and bonus RMB'000	Allowance RMB'000	Retirement benefit scheme contributions RMB'000	Employee share option benefits RMB'000	Total emoluments RMB'000
Executive and Non-executive Directors						
Kwok Ho	—	1,514	3,907	11	—	5,432
Ip Chi Ming (<i>Note (c)</i>)	—	1,144	—	11	29	1,184
Chan Chi Po, Andy	—	1,690	—	11	29	1,730
Chen Jun Hua	—	673	—	11	29	713
Huang Xie Ying (Wong Hip Ying)	—	480	—	—	49	529
Kuang Qiao (Fong Jao)	—	295	—	—	49	344
Li Yan (Lee Yan)	—	183	—	—	49	232
Independent Non-executive Directors						
Fung Chi Kin	343	—	—	—	—	343
Tam Ching Ho	343	—	—	—	—	343
Luan Yue Wen	238	—	—	—	—	238
Lin Shun Quan	60	—	—	—	—	60
	984	5,979	3,907	44	234	11,148

None of the Directors waived or has agreed to waive emoluments in respect of the years ended 30 June 2011 and 2010.

During the years ended 30 June 2011 and 2010, no emoluments were paid or payable by the Group to the Directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

Notes:

- Due to the poll results of the annual general meeting held on 30 December 2011 ("2011 AGM"), Mr. Chen Jun Hua will retire as the executive director of the Company at the conclusion of the adjourned 2011 AGM to be convened and held by the Company on the date to be separately announced by the Company.
- Due to the poll results of the annual general meeting held on 30 December 2013, Ms. Luan Yue Wen retired as the independent non-executive director of the Company on 30 December 2013.
- Mr. Ip Chi Ming, previously an executive director of the Company, was re-designated as a non-executive director of the Company on 8 January 2010.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year include one (2010: one) Director whose emoluments are reflected in the table presented in Note 14 above. The emoluments paid and payable to the remaining four (2010: four) highest paid individuals during the year are as follows:

	2011 RMB'000	2010 RMB'000
Salaries and other emoluments	423	462
Retirement benefit scheme contributions	51	52
Employee share option benefits	106,575	12,497
	107,049	13,011

The emoluments of four (2010: four) individuals with the highest emoluments are within the following bands:

Emoluments band	2011 No. of Individuals	2010 No. of individuals
HK\$3,000,000 to HK\$3,499,999	—	1
HK\$3,500,000 to HK\$3,999,999	—	3
HK\$18,500,000 to HK\$18,999,999	1	—
HK\$28,500,000 to HK\$28,999,999	1	—
HK\$31,000,000 to HK\$31,499,999	1	—
HK\$47,000,000 to HK\$47,499,999	1	—

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure RMB'000 (Note (a))	Computer equipment RMB'000	Total RMB'000
Cost							
At 1 July 2009	68,737	120,452	138,431	45,935	5,710,805	22,000	6,106,360
Additions	3,269	—	1,133	3,597	136,552	—	144,551
Transferred from CIP (Note 17)	—	—	2,826	—	3,035,500	—	3,038,326
Disposals	(8,701)	—	(24,181)	(2,342)	(150,863)	—	(186,087)
At 30 June 2010 and 1 July 2010	63,305	120,452	118,209	47,190	8,731,994	22,000	9,103,150
Additions	369	—	931	2,597	1,131,712	—	1,135,609
Transferred from CIP (Note 17)	—	—	1,568	—	2,003,269	—	2,004,837
Disposals	(282)	—	(7,507)	(14,710)	(211,151)	—	(233,650)
Exchange realignment	(220)	—	(35)	(323)	349	—	(229)
At 30 June 2011	63,172	120,452	113,166	34,754	11,656,173	22,000	12,009,717
Accumulated depreciation and impairment loss							
At 1 July 2009	14,062	18,605	116,647	21,590	1,099,125	22,000	1,292,029
Charge for the year	6,209	3,120	4,065	5,831	521,929	—	541,154
Disposals	(4,834)	—	(15,189)	(1,447)	(78,136)	—	(99,606)
At 30 June 2010 and 1 July 2010	15,437	21,725	105,523	25,974	1,542,918	22,000	1,733,577
Charge for the year	4,915	3,120	2,631	5,148	730,991	—	746,805
Disposals	(282)	—	(7,496)	(8,585)	(124,480)	—	(140,843)
Impairment loss (Note (b))	—	—	—	—	4,047	—	4,047
Exchange realignment	(85)	—	(32)	(147)	83	—	(181)
At 30 June 2011	19,985	24,845	100,626	22,390	2,153,559	22,000	2,343,405
Net book value							
At 30 June 2011	43,187	95,607	12,540	12,364	9,502,614	—	9,666,312
At 30 June 2010	47,868	98,727	12,686	21,216	7,189,076	—	7,369,573

Notes:

(a) Farmland infrastructure includes films, green house facilities, ditches, roads and others.

(b) During the year ended 30 June 2011, an impairment loss of approximately RMB4,047,000 was recognised to fully impair the carrying amount of certain farmland infrastructure of a subsidiary engaged in the growing and the sales of crops.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

16. PROPERTY, PLANT AND EQUIPMENT (*continued*)

The Company

	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost			
At 1 July 2009	111	393	504
Additions	27	5	32
Disposals	—	(10)	(10)
At 30 June 2010 and 1 July 2010	138	388	526
Additions	—	33	33
Exchange realignment	(8)	(23)	(31)
At 30 June 2011	130	398	528
Accumulated depreciation			
At 1 July 2009	98	237	335
Charge for the year	15	56	71
Disposals	—	(10)	(10)
At 30 June 2010 and 1 July 2010	113	283	396
Charge for the year	5	44	49
Exchange realignment	(6)	(17)	(23)
At 30 June 2011	112	310	422
Net book value			
At 30 June 2011	18	88	106
At 30 June 2010	25	105	130

17. CONSTRUCTION-IN-PROGRESS — THE GROUP

	2011 RMB'000	2010 RMB'000
At 1 July	270,690	932,997
Additions	1,819,604	2,376,019
Transferred to property, plant and equipment (<i>Note 16</i>)	(2,004,837)	(3,038,326)
At 30 June	85,457	270,690

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

18. PREPAID PREMIUM FOR LAND LEASES — THE GROUP

	Long-term prepaid rentals RMB'000	Land use rights RMB'000	Total RMB'000
Cost			
At 1 July 2009	5,193,783	158,313	5,352,096
Additions	902,500	—	902,500
Disposals	—	(34,343)	(34,343)
Early termination of leases	(100,500)	—	(100,500)
At 30 June 2010 and 1 July 2010	5,995,783	123,970	6,119,753
Additions	1,509,000	—	1,509,000
Early termination of leases	(86,460)	—	(86,460)
Exchange realignment	13,788	—	13,788
At 30 June 2011	7,432,111	123,970	7,556,081
Accumulated amortisation and impairment loss			
At 1 July 2009	393,463	22,846	416,309
Amortisation for the year	130,771	6,261	137,032
Disposals	—	(172)	(172)
Early termination of leases	(5,717)	—	(5,717)
At 30 June 2010 and 1 July 2010	518,517	28,935	547,452
Amortisation for the year	159,261	4,794	164,055
Impairment loss (<i>Note (b)</i>)	165,648	—	165,648
Early termination of leases	(14,465)	—	(14,465)
Exchange realignment	1,934	—	1,934
At 30 June 2011	830,895	33,729	864,624
Net carrying value			
At 30 June 2011	6,601,216	90,241	6,691,457
At 30 June 2010	5,477,266	95,035	5,572,301
		2011	2010
		RMB'000	RMB'000
Non-current portion		6,522,621	5,420,459
Current portion		168,836	151,842
Net carrying value at 30 June		6,691,457	5,572,301

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

18. PREPAID PREMIUM FOR LAND LEASES — THE GROUP (continued)

The Group's interests in long-term prepaid rentals and land use rights represent the prepaid operating leases payments and their net carrying value are analysed as follows:

	2011 RMB'000	2010 RMB'000
Outside Hong Kong held on:		
Leases of over 50 years	746,101	916,997
Leases of between 10 to 50 years	5,945,356	4,655,304
	6,691,457	5,572,301

Notes:

- As at 30 June 2011, long-term prepaid rentals for the farmland which have not yet been occupied by the Group amounted to RMB1,474,500,000 (2010: RMB616,500,000).
- During the year ended 30 June 2011, an impairment loss of approximately RMB165,648,000 was recognised to fully impair the carrying amount of certain prepaid rental of a subsidiary engaged in the growing and the sales of crops.
- Subsequent to the year ended 30 June 2011, certain land leases with net carrying value of approximately RMB1,926,743,000 have been terminated.

19. BIOLOGICAL ASSETS — THE GROUP

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2009	1,480,839	43,688	953,427	244,573	2,722,527
Additions	537,299	96,526	2,068,875	321,144	3,023,844
Decrease due to sales	(231,370)	(33,913)	(2,040,891)	—	(2,306,174)
Gain/(Loss) arising from changes in fair value less costs to sell	88,457	(54,551)	(15,835)	135,409	153,480
At 30 June 2010 and 1 July 2010	1,875,225	51,750	965,576	701,126	3,593,677
Additions	335,586	66,132	3,166,123	411,453	3,979,294
Decrease due to sales	(358,196)	(38,399)	(2,984,940)	—	(3,381,535)
Gain/(Loss) arising from changes in fair value less costs to sell	177,647	(27,792)	100,917	31,273	282,045
At 30 June 2011	2,030,262	51,691	1,247,676	1,143,852	4,473,481

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

19. BIOLOGICAL ASSETS — THE GROUP (*continued*)

Biological assets as at 30 June 2011 and 2010 are stated at fair values less costs to sell and are analysed as follows:

	Fruit trees and tea trees	Livestock	Vegetables	Trees in plantation forest	2011 Total	2010 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion	2,030,262	51,691	—	1,143,852	3,225,805	2,628,101
Current portion	—	—	1,247,676	—	1,247,676	965,576
	2,030,262	51,691	1,247,676	1,143,852	4,473,481	3,593,677

- (a) In accordance with the valuation report issued by Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent professional valuer, the fair value less costs to sell of the fruit trees and tea trees is determined with reference to the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate.
- (b) The fair value of livestock is determined by the Directors with reference to market-determined prices with similar size, species and age.
- (c) The fair value of vegetables is determined by the Directors with reference to market-determined prices, cultivation areas, species, growing conditions, cost incurred and expected yield of the crops.
- (d) The trees in plantation forest represented the growing of eucalyptus (the "Eucalyptus"). In accordance with the valuation report issued by Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent professional valuer, the fair value of the Eucalyptus is determined with reference to the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate.
- (e) The quantity of biological assets at the end of each reporting period was as follows:

	2011 Number ('000)	2010 Number ('000)
Fruit trees and tea trees	58,790	63,621
Trees in plantation forest	35,055	22,655
Livestock	4	4

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

19. BIOLOGICAL ASSETS — THE GROUP (continued)

- (f) The quantity and amount of agricultural produce harvested measured at fair value less costs to sell during the year were as follows:

	2011		2010	
	Quantity Tonnes	Amount RMB'000	Quantity Tonnes	Amount RMB'000
Fruit and tea leaves	63,573	357,811	61,308	333,645
Vegetables	2,918,823	7,527,902	2,713,404	6,481,658
	2,982,396	7,885,713	2,774,712	6,815,303

20. AVAILABLE-FOR-SALE INVESTMENTS — THE GROUP

	2011 RMB'000	2010 RMB'000
Listed equity investment in Hong Kong, at fair value	972,317	—

On 30 July 2010, the Group disposed of 31,434,000 ordinary shares of a former principal associate, Asian Citrus Holdings Limited ("Asian Citrus"), which is listed on both the Stock Exchange and the Alternative Investment Market of London Stock Exchange, representing approximately 3.7% of equity interests in Asian Citrus (the "Disposal"). Pursuant to the Disposal, the Group's interests in Asian Citrus reduced from 22.81% as at 30 June 2010 to 19.09%. In the opinion of the Directors, the Group ceased to have significant influence to the voting rights of Asian Citrus from the date of the Disposal and the remaining balance of investments in Asian Citrus were reclassified as available-for-sale investments from interests in associates and measured at fair value. The gain on disposal of an associate recognised in profit or loss amounted to approximately RMB48,174,000 for the year ended 30 June 2011.

The fair value of the listed equity investments is based on the quoted market bid prices available on the Stock Exchange. During the year ended 30 June 2011, the fair value gain recognised directly in investment revaluation reserve amounted to approximately RMB206,785,000.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

21. DEFERRED DEVELOPMENT COSTS — THE GROUP

	2011 RMB'000	2010 RMB'000
Cost		
At 1 July	102,949	82,749
Additions	—	20,200
Written off	(47,710)	—
At 30 June	55,239	102,949
Accumulated amortisation		
At 1 July	69,219	55,769
Amortisation for the year	11,550	13,450
Written off	(41,210)	—
At 30 June	39,559	69,219
Net carrying value		
At 30 June	15,680	33,730

22. DEFERRED EXPENDITURE

	The Group		The Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Cost				
At 1 July	777,430	513,674	—	31,919
Additions	240,029	344,556	—	—
Written off	(161,931)	(80,800)	—	(31,919)
At 30 June	855,528	777,430	—	—
Accumulated amortisation				
At 1 July	304,403	256,042	—	28,195
Amortisation for the year	173,540	129,161	—	3,724
Written off	(159,993)	(80,800)	—	(31,919)
At 30 June	317,950	304,403	—	—
Net carrying value				
At 30 June	537,578	473,027	—	—

Deferred expenditure includes soil activation expenditure and land improvement and maintenance expenditure.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

23. INTANGIBLE ASSETS — THE GROUP

	RMB'000
Cost	
At 1 July 2009	—
Acquisition of subsidiaries (<i>Note 40</i>)	888,800
At 30 June 2010 and 1 July 2010	888,800
Exchange realignment	(50,835)
At 30 June 2011	837,965
Accumulated impairment loss	
At 1 July 2009, 30 June 2010 and 1 July 2010	—
Impairment loss	349,316
At 30 June 2011	349,316
Net carrying value	
At 30 June 2011	488,649
At 30 June 2010	888,800

As at 30 June 2011 and 2010, intangible assets include the patent application rights made to the United States Patent and Trademark Office in relation to the patents which represent novel vaccine compositions and methods of vaccine preparation for veterinary and human diseases and oral vaccines produced and administered using edible micro-organism (the "Patents").

During the year ended 30 June 2011, an impairment loss of approximately RMB349,316,000 was recognised to write down the carrying amount of the Patents to their recoverable amount.

The recoverable amount of intangible assets has been determined based on a value-in-use calculation. That calculation is with reference to the valuation report issued by an independent professional valuer with the discount rate of 18%.

24. INTERESTS IN SUBSIDIARIES — THE COMPANY

	2011 RMB'000	2010 RMB'000
Investments in unlisted shares, at cost	200,665	200,665
Exchange realignment	(43,810)	(34,295)
Amounts due from subsidiaries	156,855 5,625,434	166,370 3,943,261
	5,782,289	4,109,631

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

24. INTERESTS IN SUBSIDIARIES — THE COMPANY (continued)

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, the balance due is considered as non-current as the settlement of these amounts due is neither planned nor likely to occur in the foreseeable future and in substance, amounts due from subsidiaries are extensions of the Company's investments in these subsidiaries.

Particulars of the principal subsidiaries of the Company at 30 June 2011 are set out in Note 44.

25. INTERESTS IN ASSOCIATES — THE GROUP

	Note	2011 RMB'000	2010 RMB'000
Share of net assets		7,224	878,998
Amount due from an associate	(c)	349	370
		7,573	879,368

Notes:

(a) Particulars of the principal associates of the Group at 30 June 2011 are as follows:

Name of company	Country of incorporation	Principal activity and place of operation	Particulars of issued and paid up capital	Interests held indirectly by the Company	
				2011	2010
Asian Citrus [#]	Bermuda	Investment holding in Hong Kong and United Kingdom	852,650,094 ordinary shares of HK\$0.01 each	N/A	22.81%
福州超大永輝商業發展有限公司	PRC	Supermarket chain operations in PRC	RMB10,000,000	40%	40%
Chaoda Green Leaf (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	43%	43%

[#] Listed on both the Stock Exchange and the Alternative Investment Market of London Stock Exchange

As disclosed in Note 20, certain interests in Asian Citrus was disposed of during the year ended 30 June 2011 and the remaining balance of investments in Asian Citrus had been reclassified as available-for-sale investments.

The Directors are of the opinion that a complete list of the particulars of all associates of the Group is of excessive length and therefore the above list contains only the particulars of the associates which principally affect the results or financial position of the Group.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

25. INTERESTS IN ASSOCIATES — THE GROUP (*continued*)

Notes: (*continued*)

- (b) The following table illustrates the summarised financial information of the Group's associates, as extracted from its financial statements:

	2011 RMB'000	2010 RMB'000
Non-current assets	23,600	2,790,860
Current assets	39,489	1,148,396
Current liabilities	(48,692)	(107,766)
Turnover	157,078	958,198
(Loss)/profit for the year	(1,375)	586,207

- (c) Amount due from an associate are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, the balance due is considered as non-current as the settlement of these amounts due is neither planned nor likely to occur in the foreseeable future.
- (d) On 15 September 2009, Asian Citrus proposed a final dividend of RMB0.8 per share for the year ended 30 June 2009 with an option offering its shareholders a scrip dividend as an alternative to the final cash dividend. In November 2009, the Group elected to receive the scrip dividend. The proposed final dividend was approved on 11 December 2009. This resulted in a gain on deemed acquisition of additional interests in Asian Citrus of RMB1,678,000 for the year ended 30 June 2010.
- (e) Following the exercise of share options by the option holders of Asian Citrus during the year ended 30 June 2010, the equity interests in Asian Citrus held by the Group was diluted, which resulting in a loss on deemed disposals of interests in an associate of RMB6,923,000 for the year ended 30 June 2010.
- (f) In October 2009 and April 2010, the Group had disposed of certain ordinary shares of Asian Citrus, resulting in a loss on partial disposals of an associate of RMB1,637,000 for the year ended 30 June 2010.

26. INVENTORIES — THE GROUP

	2011 RMB'000	2010 RMB'000
Agricultural materials	31,464	22,642
Merchandise for resale	5,809	14,270
	37,273	36,912

Agricultural materials mainly include seeds, fertilisers, pesticides and processing materials not yet utilised at year end. All inventories at the reporting dates were stated at cost.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

27. TRADE RECEIVABLES — THE GROUP

	2011 RMB'000	2010 RMB'000
Trade receivables	327,425	422,308
Less: Allowance for doubtful debts (<i>Note (b)</i>)	(10,483)	(3,923)
	316,942	418,385

The Group's trading terms for its local wholesale and retail sales are mainly cash on delivery whereas local sales to institutional customers and export trading companies are mainly on credit. The credit period is generally for a period from one month to three months depending on the customers' credit worthiness.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. As the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk.

(a) Ageing analysis

Ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	2011 RMB'000	2010 RMB'000
0–1 month	283,726	400,000
1–3 months	18,801	2,755
Over 3 months	14,415	15,630
	316,942	418,385

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

27. TRADE RECEIVABLES — THE GROUP (*continued*)

(b) Impairment of trade receivables

Impairment losses on trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the allowance for doubtful debts during the year are as follows:

	2011 RMB'000	2010 RMB'000
At 1 July	3,923	3,013
Impairment losses recognised	6,560	910
At 30 June	10,483	3,923

The aggregate carrying amount of the individually impaired trade receivables included in the allowance for doubtful debts are RMB10,483,000 (2010: RMB3,923,000). The individually impaired trade receivables related to customers that were in default or delinquency in payments.

Ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2011 RMB'000	2010 RMB'000
Neither past due nor impaired	283,726	401,705
0–60 days past due	18,647	1,719
Over 60 days past due	14,569	14,961
	316,942	418,385

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a wide range of customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 30 June 2011, included in the Group's other receivables, deposits and prepayments was a fixed-rate short-term receivable of approximately RMB393,014,000 due from third parties. The effective interest rates are ranging from 8% to 12% per annum. All short-term receivables are denominated in HK\$ or United States dollars and repayable within one year.

29. CASH AND CASH EQUIVALENTS

The Group

	2011 RMB'000	2010 RMB'000
Cash at banks and on hand	177,926	156,790
Short-term bank deposits	3,154,704	1,887,559
	3,332,630	2,044,349
Denominated in:		
RMB	2,829,255	1,938,114
HK\$	284,205	96,445
Others	219,170	9,790
	3,332,630	2,044,349

The Company

	2011 RMB'000	2010 RMB'000
Cash at banks and on hand	5,185	5,158
Short-term bank deposits	292,087	36,224
	297,272	41,382
Denominated in:		
RMB	3,044	—
HK\$	138,793	40,733
Others	155,435	649
	297,272	41,382

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

29. CASH AND CASH EQUIVALENTS (continued)

Among the Company's cash and cash equivalents, RMB294,228,000 (2010: RMB41,382,000) were denominated in currencies other than RMB and kept in Hong Kong.

The conversion of RMB denominated balances kept in the PRC into foreign currencies and the transfer of these balances out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at banks earn interest at floating rates based on the daily bank deposit rates. Short-term bank deposits are placed with the banks and earn interests at the respective short-term bank deposit rates. As at 30 June 2011, short-term bank deposits of RMB2,324,704,000 (2010: RMB1,887,559,000) have a maturity within three months.

For the purpose of consolidated statement of cash flows, cash and cash equivalents include the following:

	2011 RMB'000	2010 RMB'000
Cash and cash equivalents in the consolidated statement of financial position	3,332,630	2,044,349
Less: Short-term bank deposits not mature within three months	(830,000)	—
Cash and cash equivalents in the consolidated statement of cash flows	2,502,630	2,044,349

30. AMOUNT DUE TO A RELATED COMPANY — THE GROUP

The balance represented payables arising from purchases made from Fujian Chaoda Agricultural Produce Trading Company Limited, in which Mr. Kwok Ho is a major shareholder, as described in Note 43(a). Mr. Kwok Ho is also the Chairman and the substantial shareholder of the Company. The balances were aged within 30 days as at the end of the reporting period.

The amounts due are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

31. TRADE AND BILLS PAYABLES — THE GROUP

Ageing analysis of trade and bills payables is as follows:

	2011 RMB'000	2010 RMB'000
0–1 month	5,886	5,786
1–3 months	1,741	12,492
Over 3 months	11,111	9,387
	18,738	27,665

At 30 June 2010, bills payables amounting to RMB7,000,000 was secured by a corporate guarantee provided by one of the Company's subsidiaries.

32. AMOUNTS DUE TO SUBSIDIARIES — THE COMPANY

The amounts due are unsecured, interest-free and repayable on demand.

33. BANK LOANS — THE GROUP

At 30 June 2010, the Group's bank loans were repayable within one year. The Group's bank loans, which were all denominated in RMB and interest bearing at fixed rates ranging from 5.10% to 5.58% per annum.

At 30 June 2011, the Group had banking facilities totalling RMB86,000,000 (2010: RMB110,000,000) and none of which had been utilised (2010: RMB14,500,000 had been utilised). All banking facilities are secured by corporate guarantee provided by one of the subsidiaries for both years ended 30 June 2011 and 2010.

34. CONVERTIBLE BONDS — THE GROUP AND THE COMPANY

On 1 September 2010, the Company issued US\$200,000,000 (equivalent to approximately RMB1,341,600,000 at date of issue) convertible bonds ("Bonds") to the bondholders with a maturity date due on 1 September 2015. The Bonds bear interest at the rate of 3.7% per annum payable semi-annually in arrears.

Each convertible bond would, at the option of the bondholder, be convertible into ordinary share of the Company at an initial conversion price of HK\$8.10 per share subject to adjustment, with a fixed exchange rate applicable on conversion of HK\$7.7728 = US\$1, from the 41st day after the issue of the Bonds up to close of business on the 10th day prior to the maturity date of the Bonds, or if such Bonds are called for redemption by the Company before its maturity date, then up to the close of business on a day no later than seven days prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the holders of such Bonds, then up to the close of business on the day prior to the giving of such notice.

The Bonds that are not converted into ordinary shares will be redeemed at its principal amount together with interest accrued and unpaid on the maturity date. Further details were set out in the Company's announcement dated 17 August 2010.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

34. CONVERTIBLE BONDS — THE GROUP AND THE COMPANY (*continued*)

The fair value of the liability component was calculated using discount rate method. The residual amount is the fair value of the equity component which is included in the equity.

The interest expense on the Bonds is calculated using the effective interest method by applying the effective interest rate of approximately 10% to the liability component.

Movements of the liability component of the Bonds are set out as below:

	RMB'000
At 1 July 2009, 30 June 2010 and 1 July 2010	—
Issuance of the Bonds	1,017,243
Effective interest charges on the Bonds	83,352
Interest paid on Bonds	(24,543)
Exchange realignment	(37,311)
At 30 June 2011	1,038,741

Since the date of issue up to 30 June 2011, no Bonds have been converted into the Company's ordinary shares.

35. GUARANTEED SENIOR NOTES — THE GROUP AND THE COMPANY

The Company issued US\$225,000,000, 7.75% guaranteed senior notes due on 8 February 2010 (the "Guaranteed Senior Notes") in 2005 at an issue price of 98.985%. The Guaranteed Senior Notes were listed on the Singapore Exchange Securities Trading Limited and were guaranteed by certain subsidiaries bearing interest at 7.75% per annum, payable semi-annually in arrears.

The Guaranteed Senior Notes has been fully repaid upon its maturity on 8 February 2010.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

36. DEFERRED TAX

The Group

Under the PRC Tax Law, 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. Pursuant to the grandfathering treatments of the PRC Tax Law, dividends receivable by the Group from its PRC subsidiaries in respect of its undistributed retained earnings prior to 31 December 2007 are exempt from withholding tax.

At 30 June 2011 and 2010, deferred tax liabilities of approximately RMB20,655,000 were recognised in respect of the undistributed retained earnings of the PRC subsidiaries. The aggregate amount of temporary differences associated with the PRC subsidiaries' undistributed retained earnings for which deferred tax liabilities have not been recognised are approximately RMB1,098,083,000 (2010: RMB760,563,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these PRC subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

At the end of the reporting period, the Group had unrecognised deferred tax assets as follows:

	2011 RMB'000	2010 RMB'000
Tax losses available to set off future assessable profits*	33,924	53,650
Accelerated tax depreciation	4,487	5,272
	38,411	58,922

* Deferred tax assets have not been recognised in respect of the tax losses as it is not certain that they can be utilised in the foreseeable future.

The Company

The Company had unrecognised deferred tax assets arising from tax losses of RMB18,597,000 (2010: RMB30,391,000) at the end of the reporting period. The tax losses can be carried forward indefinitely.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

37. SHARE CAPITAL — THE GROUP AND THE COMPANY

Authorised ordinary shares of HK\$0.1 each

	No. of shares ('000)	HK\$'000	RMB'000
At 30 June 2010 and 30 June 2011	5,000,000	500,000	527,515

Issued and fully paid ordinary shares of HK\$0.1 each

	No. of shares ('000)	HK\$'000	RMB'000
At 1 July 2009	3,026,302	302,630	309,623
Shares issued under share option scheme	103,327	10,333	9,093
Shares issued for acquisition of subsidiaries (Note (a))	58,824	5,882	5,176
At 30 June 2010 and 1 July 2010	3,188,453	318,845	323,892
Shares issued under share option scheme	1,213	121	103
Shares issued under share placements (Note (b))	154,838	15,484	13,316
Repurchase of shares (Note (c))	(53,202)	(5,320)	(4,524)
At 30 June 2011	3,291,302	329,130	332,787

Notes:

- (a) On 7 January 2010, 58,823,500 new ordinary shares of HK\$0.1 each of the Company were issued for the acquisition of 70% equity interests in Keen Spirit Global Limited and its subsidiaries (collectively referred to as the "Keen Spirit Group") as detailed in Note 40. The new shares rank *pari passu* with the existing shares in all respects.
- (b) On 16 August 2010, the Company entered into a placing of existing shares and top up subscription of new shares agreement to place 154,838,000 ordinary shares of HK\$0.1 each at a price of HK\$7.53 each. The new shares rank *pari passu* with the existing shares in all respects.
- (c) During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid	
		HK\$	HK\$	HK\$'000	RMB'000
October 2010	3,528,000	6.37	6.20	22,259	19,142
May 2011	24,108,000	3.92	3.64	91,610	77,694
June 2011	25,566,000	4.07	3.03	92,392	78,571

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. An amount equivalent to the par value of the shares cancelled was transferred from the retained profits to the capital redemption reserve. The premium paid on the repurchase of shares of RMB170,883,000 was charged to the share premium account.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

38. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the extraordinary general meeting of the Company held on 19 June 2002 for the primary purpose of providing incentives or rewards to selected participants, and will expire on 18 June 2012. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the adoption date ("Scheme Mandate"). Pursuant to a resolution passed at the extraordinary general meeting of the Company held on 14 February 2006, a refreshment of the Scheme Mandate was approved. The total number of shares to be allotted and issued pursuant to the grant or exercise of the options under the Scheme shall not exceed 10% of the total number of shares in issue as at 14 February 2006. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

The number of share options and their weighted average exercise price for the reporting periods presented are as follows:

	2011		2010	
	No. of share options	Weighted average exercise price HK\$	No. of share options	Weighted average exercise price HK\$
Outstanding at 1 July	101,143,928	2.284	210,369,088	3.035
Granted during the year	71,650,000	6.430	—	—
Exercised during the year	(1,181,340)	3.839	(103,359,560)	3.749
Lapsed during the year	—	—	(5,865,600)	3.387
Outstanding at 30 June	171,612,588	4.004	101,143,928	2.284
Exercisable at 30 June	167,547,988	3.966	74,190,248	1.720

For the year ended 30 June 2011, the weighted average share price at the date of exercise of the share options was HK\$7.36 (2010: HK\$8.39).

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

38. SHARE OPTION SCHEME (*continued*)

The exercisable periods of share options of the Company are as follows:

Exercisable period	2011		2010	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
1-7-2003 to 27-1-2013	22,113,000	1.500	22,113,000	1.500
1-1-2004 to 27-1-2013	22,113,000	1.500	22,113,000	1.500
1-1-2005 to 27-1-2013	22,113,000	1.500	22,113,000	1.500
17-8-2005 to 16-8-2015	210,600	2.935	210,600	2.935
17-8-2006 to 16-8-2015	210,600	2.935	210,600	2.935
1-1-2007 to 27-5-2014	246,940	2.279	246,940	2.279
1-4-2007 to 30-8-2016	463,320	3.837	463,320	3.837
17-8-2007 to 16-8-2015	210,600	2.935	210,600	2.935
1-11-2007 to 31-10-2015	75,816	2.802	75,816	2.802
1-4-2008 to 30-8-2016	568,620	3.837	568,620	3.837
17-8-2008 to 16-8-2015	210,600	2.935	210,600	2.935
24-10-2008 to 23-10-2018	2,244,800	3.846	2,244,800	3.846
1-11-2008 to 31-10-2015	118,216	2.802	118,216	2.802
1-4-2009 to 30-8-2016	568,620	3.837	568,620	3.837
17-8-2009 to 16-8-2015	210,600	2.935	210,600	2.935
24-10-2009 to 23-10-2018	153,170	3.846	153,170	3.846
1-11-2009 to 31-10-2015	497,256	2.802	497,256	2.802
1-4-2010 to 30-8-2016	980,150	3.837	1,861,490	3.837
24-10-2010 to 23-10-2018	644,800	3.846	644,800	3.846
26-11-2010 to 25-11-2020	68,875,000	6.430	—	—
1-4-2011 to 30-8-2016	24,719,280	3.837	25,019,280	3.837
24-10-2011 to 23-10-2018	644,800	3.846	644,800	3.846
26-11-2011 to 25-11-2020	925,000	6.430	—	—
24-10-2012 to 23-10-2018	644,800	3.846	644,800	3.846
26-11-2012 to 25-11-2020	925,000	6.430	—	—
26-11-2013 to 25-11-2020	925,000	6.430	—	—
	171,612,588	4.004	101,143,928	2.284

The Company's share options outstanding at 30 June 2011 had a weighted average remaining contractual life of 5.59 years (2010: 3.89 years).

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

38. SHARE OPTION SCHEME (*continued*)

The fair value of share options is determined at the date of grant under Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

Date of grant	Option value	Exercise price	Risk-free interest rate	Expected volatility	Dividend yield	Life of options
28 January 2003	HK\$0.79–HK\$0.82	HK\$1.500	4.45%	64%	2.6%	10 years
28 May 2004	HK\$1.14–HK\$1.33	HK\$2.279	4.54%	64%	2.6%	10 years
17 August 2005	HK\$1.51–HK\$1.70	HK\$2.935	4.01%	64%	2.6%	10 years
1 November 2005	HK\$1.47–HK\$1.60	HK\$2.802	4.46%	64%	2.6%	10 years
4 November 2005	HK\$1.42–HK\$1.59	HK\$2.815	4.57%	64%	2.6%	10 years
31 August 2006	HK\$1.91–HK\$2.10	HK\$3.837	4.21%	61%	2.3%	10 years
24 October 2008	HK\$2.08–HK\$2.19	HK\$3.846	2.42%	56%	0.3%	10 years
26 November 2010	HK\$2.61–HK\$2.79	HK\$6.430	2.49%	42%	1.0%	10 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

39. RESERVES

The Group

	Notes	2011 RMB'000	2010 RMB'000
Share premium		5,968,860	5,175,540
Capital reserve	(i)	94,894	94,894
Employee share-based compensation reserve		266,567	105,644
Capital redemption reserve		5,247	723
Call option reserve	(ii)	40,278	—
Convertible bonds equity reserve		297,525	—
Exchange reserve		(217,120)	(143,151)
Investment revaluation reserve		206,785	—
Statutory reserves	(iii)	686,823	681,810
Retained profits		18,015,133	15,005,364
		25,364,992	20,920,824

Movements of the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on pages 46 to 47.

Notes:

- (i) Capital reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in December 2000 over the nominal value of the share capital of the Company issued in exchange thereafter.
- (ii) On 17 August 2010, the Company entered into the option agreement in relation to the issue of call options pursuant to which the holders of the call options are in aggregate entitled to require the Company to issue up to a maximum of 103,300,000 shares (subject to adjustment) at strike price of HK\$7.9065 per share (subject to adjustment) (the "Call Options"). The Call Options were exercisable in whole or in part within the period commencing from the first date of the conversion period of the Bonds to 17 August 2013. Further details of the issue of the Call Options were set out in the announcement of the Company dated 17 August 2010.
- (iii) In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate not less than 10% of their profits after tax to the respective statutory reserves, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to offset against their respective accumulated losses, if any.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

39. RESERVES (*continued*)

The Company

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Call option reserve RMB'000	Convertible bonds equity reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2009	4,239,568	290,011	—	—	723	(537,068)	(1,185,087)	2,808,147
Arising from acquisition of subsidiaries (Note 40)	604,630	—	—	—	—	—	—	604,630
Shares issued under share option scheme	532,007	(200,152)	—	—	—	—	—	331,855
Employee share option benefits	—	15,785	—	—	—	—	—	15,785
2008/2009 final dividends paid	—	—	—	—	—	—	(133,684)	(133,684)
Transactions with owners	1,136,637	(184,367)	—	—	—	—	(133,684)	818,586
Profit for the year (Note 11)	—	—	—	—	—	—	14,444	14,444
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	—	14,444	14,444
Release of exchange reserve upon repayment of guaranteed senior notes	—	—	—	—	—	(312,050)	312,050	—
At 30 June 2010 and 1 July 2010	5,376,205	105,644	—	—	723	(849,118)	(992,277)	3,641,177
Shares issued under share option scheme	5,993	(2,136)	—	—	—	—	—	3,857
Shares issued under share placements	989,384	—	—	—	—	—	—	989,384
Repurchase of shares	(170,883)	—	—	—	4,524	—	(4,524)	(170,883)
Share issue expenses	(31,174)	—	—	—	—	—	—	(31,174)
Issue of call options	—	—	40,278	—	—	—	—	40,278
Issue of convertible bonds	—	—	—	297,525	—	—	—	297,525
Employee share option benefits	—	163,059	—	—	—	—	—	163,059
2009/2010 final dividends paid	—	—	—	—	—	—	(172,379)	(172,379)
2010/2011 interim dividends paid	—	—	—	—	—	—	(85,230)	(85,230)
Transactions with owners	793,320	160,923	40,278	297,525	4,524	—	(262,133)	1,034,437
Loss for the year (Note 11)	—	—	—	—	—	—	(24,226)	(24,226)
Other comprehensive expense — Currency translation difference	—	—	—	—	—	(263,173)	—	(263,173)
Total comprehensive expense for the year	—	—	—	—	—	(263,173)	(24,226)	(287,399)
At 30 June 2011	6,169,525	266,567	40,278	297,525	5,247	(1,112,291)	(1,278,636)	4,388,215

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

40. ACQUISITION OF SUBSIDIARIES

On 24 December 2009, the Group entered into an agreement with an independent third party to acquire of 70% equity interests of the Keen Spirit Group which was satisfied by way of issue of 58,823,500 new ordinary shares of the Company. More details were set out in the Company's announcement dated 25 December 2009.

The principal assets held by the Keen Spirit Group are the Patents (Note 23). This acquisition of subsidiaries has been accounted for as acquisition of assets and liabilities as the Keen Spirit Group has not yet carried out any business upon completion of the acquisition. As the acquisition was settled by issue of the Company's shares, this is classified as an equity settled share-based payment transaction. The fair value of the consideration shares should be recognised based on the fair value of the net assets acquired.

Assets and liabilities arising from the acquisition are as follows:

	RMB'000
Intangible assets (<i>Note 23</i>)	888,800
Other receivables	344
Cash and cash equivalents	1,392
Other payables and accruals	(19,383)
	871,153
Non-controlling interests	(261,347)
	609,806

Total purchase consideration satisfied by:

	RMB'000
Issue of 58,823,500 new ordinary shares	609,806

Net cash inflow arising on acquisition:

	RMB'000
Cash and cash equivalents in subsidiaries acquired	1,392

There was no acquisition of subsidiaries during the year ended 30 June 2011.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

- (a) As detailed in Note 40, the purchase consideration of 70% of the equity interests in the Keen Spirit Group was satisfied by the issue of 58,823,500 new ordinary shares of HK\$0.1 each of the Company.
- (b) The partial consideration of investment in an associate and prepaid premium for land leases were settled by deposits of RMB8,800,000 and RMB158,400,000 respectively.

42. COMMITMENTS

(a) Capital commitments

At the end of the reporting period, the Group had the following capital commitments:

	2011 RMB'000	2010 RMB'000
Contracted but not provided for:		
— Research and development expenditure	12,400	17,000
— Purchases of property, plant and equipment	14,921	11,719
— Premium payments for land leases	—	600
Total	27,321	29,319

At the end of the reporting period, the Company had no significant capital commitment (2010: Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

42. COMMITMENTS (continued)

(b) Operating lease commitments and arrangements

As lessee

At the end of the reporting period, the Group had total future minimum lease payments, in respect of land and buildings, under non-cancellable operating leases falling due as follows:

	2011 RMB'000	2010 RMB'000
Within one year	250,703	210,330
In the second to fifth years, inclusive	987,639	804,380
After five years	3,851,702	3,268,580
Total	5,090,044	4,283,290

As lessor

At the end of the reporting period, the Group had total future minimum lease receivable, in respect of land and buildings, under non-cancellable operating leases with its tenants falling due as follows:

	2011 RMB'000	2010 RMB'000
Within one year	2,392	2,224
In the second to fifth years, inclusive	8,638	9,457
After five years	603	2,273
Total	11,633	13,954

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

43. RELATED PARTY TRANSACTIONS

(a) The Group entered into the following material transactions with a related party during the year:

	2011 RMB'000	2010 RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited (Note (i))		
— Purchases of organic fertilisers (Note (ii))	852,657	677,554

Notes:

- (i) The related party is a company in which Mr. Kwok Ho is a major shareholder. Mr. Kwok Ho is also the Chairman and the substantial shareholder of the Company.
- (ii) The Directors are of the opinion that these transactions were conducted in the normal course of business at prices and terms no less favourable to the Group than those charged to or contracted with other third parties.
- (iii) The transactions constitute continuing connected transactions, in respect of which the Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group

The Directors are of the opinion that the key management personnel were the Executive Directors of the Company, details of whose emoluments are set out in Note 14 and certain highest paid employees whose remunerations are set out in Note 15.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at 30 June 2011 are as follows:

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/ registered and paid up capital	Interests held
Held directly by the Company:				
Timor Enterprise Limited	British Virgin Islands	Investment holding in Hong Kong	60,000 ordinary shares of US\$1 each	100%
Insight Decision Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%
Huge Market Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%
Worthy Year Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%
Great Challenge Developments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%
Good Add Holdings Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%
Lead Rich Enterprises Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%
Chaoda Vegetable & Fruits Trading Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1	100%

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (*continued*)

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/ registered and paid up capital	Interests held
Held indirectly by the Company:				
Fuzhou Chaoda Modern Agriculture Development Company Limited**	PRC	Growing and sales of crops, breeding and sales of livestock in the PRC	HK\$1,300,000,000	100%
Fujian Chaoda Green Agriculture Development Company Limited*	PRC	Breeding and sales of livestock in the PRC	RMB80,000,000	100%
福建超大畜牧業有限公司***	PRC	Provision of agency service in the PRC	RMB80,000,000	100%
Chaoda Vegetable & Fruits Limited	Hong Kong	Distribution and trading of crops in Hong Kong	100,000 ordinary shares of HK\$1 each	100%
Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited	Hong Kong	Wholesale and logistics of vegetable and fruits in Hong Kong	2,500,000 ordinary shares of HK\$1 each	60%
臨海超大現代農業發展有限公司*	PRC	Growing and sales of crops in the PRC	US\$390,000	100%
Fujian Chaoda Liancheng Foodstuffs Company Limited*	PRC	Sales of ancillary food products in the PRC	RMB15,000,000	91%
Desire Star (Fujian) Development Company Limited*	PRC	Property holding in the PRC	US\$9,860,000	100%
Jiangxi Nanfeng Chaoda Fruits Company Limited*	PRC	Growing and sales of fruits in the PRC	RMB10,000,000	100%
福州超大嘉和茶業有限公司***	PRC	Growing and sales of tea leaves in the PRC	RMB6,000,000	100%

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/ registered and paid up capital	Interests held
Held indirectly by the Company: (continued)				
雲霄超大木業有限公司***	PRC	Growing and sales of timbers in the PRC	RMB6,000,000	100%
慶元超大運輸有限公司***	PRC	Provision of transportation services in the PRC	RMB20,000,000	80%
Inner Mongolia Chaoda Stockbreeding Co., Ltd*	PRC	Breeding and sales of livestock in the PRC	RMB100,000,000	100%
超大(上海)食用菌有限公司**	PRC	Sales of ancillary food products in the PRC	HK\$77,800,000	100%
福州超大貿易有限公司***	PRC	Sales of crops in the PRC	RMB30,000,000	100%
北京傑志環球生物科技有限公司**	PRC	Research and development of organism technologies in the PRC	HK\$2,000,000	70%
福州傑志環球生物科技有限公司**	PRC	Research and development of organism technologies in the PRC	HK\$120,000,000	70%
Keen Spirit Global Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	70%
VaxGene Corporation	British Virgin Islands	Research and development of organism technologies in Hong Kong	50,000 ordinary shares of US\$1 each	70%

The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company is of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or financial position of the Group.

* Sino-foreign owned equity joint ventures

** Wholly foreign owned enterprises

*** Private limited liability companies

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

45. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, equity price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Currency risk

As the Group's sales and purchases are mainly in RMB, the currency risk resulting from daily operations is considered not significant. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong which are classified as available-for-sale investments. The management will consider hedging the risk exposure should the need arise. The Group is not exposed to commodity price risk.

At 30 June 2011, if equity prices had increased/(decreased) by 10% and all other variables were held constant, the Group's investment revaluation reserve (i.e. equity) would increase/(decrease) by approximately RMB97,232,000 (2010: nil) as a result of the changes in fair value of listed equity investments included in the Group's available-for-sale investments.

This sensitivity analysis has been determined assuming that the price change had occurred at the end of reporting period and has been applied to the Group's available-for-sale investments on that date.

(iii) Credit risk

Most of the Group's sales are cash on delivery which significantly reduces the Group's exposure on customers' default in repayment. In respect of the credit sales, the Group also has policies in place to ensure trading with customers with appropriate credit history and performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

The credit risk on cash and cash equivalents is limited because the major counterparties are reputable banks operating in Hong Kong and in the PRC. Other than the concentration of cash and cash equivalents which are deposited with several reputable banks in Hong Kong and in the PRC, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 27.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

45. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations, investment opportunities, expected expansion and to meet its debt obligations as they fall due. The Group finances its working capital requirements mainly by the funds generated from its operations.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on the contractual undiscounted payments (including interest payments computed using contractual rates) and the earliest date the Group and the Company can be required to pay:

The Group

	Carrying amount RMB'000	Total contractual undiscounted payments RMB'000	Within 1 year or on demand RMB'000	In the second to fifth years, inclusive RMB'000
At 30 June 2011				
Amounts due to a related company	79,129	79,129	79,129	—
Trade and bills payables	18,738	18,738	18,738	—
Other payables and accruals	124,519	124,519	124,519	—
Convertible bonds	1,038,741	1,509,780	47,888	1,461,892
	1,261,127	1,732,166	270,274	1,461,892

	Carrying amount RMB'000	Total contractual undiscounted payments RMB'000	Within 1 year or on demand RMB'000
At 30 June 2010			
Amounts due to a related company	51,618	51,618	51,618
Trade and bills payables	27,665	27,665	27,665
Other payables and accruals	135,421	135,421	135,421
Bank loans	14,500	14,500	14,500
		229,204	229,204

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

45. RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

(a) Financial risk factors (*continued*)

(iv) Liquidity risk (*Continued*)

The Company

	Carrying amount RMB'000	Total contractual undiscounted payments RMB'000	Within 1 year or on demand RMB'000	In the second to fifth years, inclusive RMB'000
At 30 June 2011				
Amounts due to subsidiaries	310,656	310,656	310,656	—
Other payables and accruals	10,184	10,184	10,184	—
Convertible bonds	1,038,741	1,509,780	47,888	1,461,892
	1,359,581	1,830,620	368,728	1,461,892
		Carrying amount RMB'000	Total contractual undiscounted payments RMB'000	Within 1 year or on demand RMB'000
At 30 June 2010				
Amounts due to subsidiaries		180,914	180,914	180,914
Other payables and accruals		6,531	6,531	6,531
		187,445	187,445	187,445

(v) Interest rate risk

As at 30 June 2011, the Bonds amounted to RMB1,038,741,000 of which interest are charged at effective interest rates of approximately 10% per annum as disclosed in Note 34.

As at 30 June 2010, the Group's bank borrowings amounted to RMB14,500,000 of which interests are charged at fixed rates ranging from 5.10% to 5.58% per annum as disclosed in Note 33.

The Group does not have any borrowings which bears floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

The Directors are of the opinion that the impact of the Group's and the Company's sensitivity to the change in interest rate is insignificant.

Notes to the Consolidated Financial Statements (*continued*)

For the year ended 30 June 2011

45. RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

(b) Fair value estimation

The estimate of fair values of biological assets and available-for-sales investments is disclosed in Note 19 and Note 20 respectively. The fair values of other current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity.

The Group's financial instruments carried at fair value represent the Group's available-for-sale investments as detailed in Note 20. The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's available-for-sale investments were classified as Level 1 as at 30 June 2011 and there was no available-for-sale investments as at 30 June 2010. There were no transfers between level 1 and 2 in the current year.

(c) Business risk

The Group is exposed to financial risks arising from changes in prices of agricultural produce and livestock which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include weather conditions and livestock diseases. The Group has little or no control over these conditions and factors.

46. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, raise new debt financing or issue new shares. No changes were made in the capital management objectives, policies or processes during the years ended 30 June 2011 and 2010. The Group monitors its capital using net debt to adjusted capital ratio. Net debt includes borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. Adjusted capital represents equity attributable to the owners of the Company plus net debt.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

46. CAPITAL MANAGEMENT (continued)

The Group's excess of cash and cash equivalents over total borrowings as at the end of the reporting period were presented as follows:

The Group

	2011 RMB'000	2010 RMB'000
Bank loans	—	14,500
Convertible bonds	1,038,741	—
Total borrowings	1,038,741	14,500
Less: Cash and cash equivalents	(3,332,630)	(2,044,349)
Excess of cash and cash equivalents over total borrowings	(2,293,889)	(2,029,849)
Equity attributable to the owners of the Company	25,697,779	21,244,716
Adjusted capital	N/A	N/A
Net debt to adjusted capital ratio	N/A	N/A

47. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's and the Company's financial assets and liabilities recognised at the end of the reporting period may also be categorised as follows. See Note 2.17 for explanations on how the category of financial instruments affects their subsequent measurement.

Financial assets	The Group		The Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Available-for-sale investments	972,317	—	—	—
Loan and receivables				
— Trade receivables	316,942	418,385	—	—
— Other receivables	435,501	99,414	916	1,371
— Cash and cash equivalents	3,332,630	2,044,349	297,272	41,382
	5,057,390	2,562,148	298,188	42,753

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2011

47. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (continued)

Financial liabilities	The Group		The Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Financial liabilities measured at amortised cost				
— Amounts due to a related company	79,129	51,618	—	—
— Amounts due to subsidiaries	—	—	310,656	180,914
— Trade and bills payables	18,738	27,665	—	—
— Other payables and accruals	124,519	135,421	10,184	6,531
— Bank loans	—	14,500	—	—
— Convertible bonds	1,038,741	—	1,038,741	—
	1,261,127	229,204	1,359,581	187,445

48. EVENTS AFTER THE REPORTING PERIOD

(i) Disposal of property, plant and equipment

Subsequent to the end of the reporting period, certain land leases for lands being occupied by the Group has been terminated and the related property, plant and equipment belongs to these terminated land leases with net carrying value of approximately RMB2,395,385,000 were disposed of accordingly.

(ii) Disposal of investment through placement of shares in Asian Citrus

As announced in the Company's announcement dated 23 November 2011, a wholly-owned subsidiary of the Company entered into a placing agreement with a placing agent on 22 November 2011 for the placement of, on a best effort basis, up to 100 million shares in Asian Citrus at a price of HK\$4.66 per placing share (the "Placing"). The Placing, which constituted a discloseable transaction for the Company under the Listing Rules, was completed on 25 November 2011 with the net proceeds of approximately HK\$461 million raised from the Placing, which was disclosed to be used for, and was utilised as, general working capital of the Group. Please refer to the Company's announcement dated 23 November 2011 for details of the Placing.

(iii) Early redemption of Bonds

As announced in the Company's announcement dated 15 February 2012, the Company remitted an aggregate principal amount of US\$195,400,000, representing 97.7% of the then outstanding Bonds, to the redeeming holders of the Bonds through the trustee of the Bonds on 14 February 2012 for an intended early settlement of the principal amount of the Bonds. As further announced in the Company's announcement dated 3 April 2012, the Company issued a notice of redemption to holders of the remaining Bonds to redeem the remaining outstanding principal amount of US\$4,600,000 in full plus interest payable thereon on 3 April 2012. As a result, the Bonds were fully redeemed and cancelled.

(iv) Lapse of the Call Options

In September 2010, the Company had received cash premium of total US\$6,004,000 (equivalent to approximately RMB40,278,000) as the consideration for issuing the Call Options, which conferred the holders of the Call Options the right, from time to time during the exercise period from the first date of the conversion period of the Bonds to 17 August 2013, to require the Company to issue up to a maximum of 103,300,000 ordinary shares (subject to adjustment) of HK\$0.1 each of the Company at an agreed strike price of HK\$7.9065 per share (subject to adjustment). These unexercised call options became lapsed on the expiry of the exercise period.

Five Year Financial Summary

For the year ended 30 June 2011

A summary of the consolidated results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 30 June				2011 RMB'000
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	
Turnover	3,849,930	5,032,594	6,126,818	6,963,717	8,064,750
Profit before income tax	1,735,287	1,972,945	3,985,061	3,657,076	3,173,858
Income tax expense	(468)	(20,679)	(233)	(244)	(178)
Profit for the year	1,734,819	1,952,266	3,984,828	3,656,832	3,173,680
Profit for the year, attributable to:					
Owners of the Company	1,732,724	1,955,757	3,986,381	3,658,874	3,276,915
Non-controlling interests	2,095	(3,491)	(1,553)	(2,042)	(103,235)
	1,734,819	1,952,266	3,984,828	3,656,832	3,173,680

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 30 June				2011 RMB'000
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	
Total assets	12,650,912	14,946,938	18,548,016	21,758,314	27,125,573
Total liabilities	(3,379,401)	(3,829,726)	(1,790,673)	(249,859)	(1,281,782)
Non-controlling interests	(6,598)	(5,107)	(3,554)	(263,739)	(146,012)
Total equity attributable to the owners of the Company	9,264,913	11,112,105	16,753,789	21,244,716	25,697,779