ASIAN CITRUS HOLDINGS LIMITED
亞洲果業控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: HKSE: 73; AIM: ACHL)

2009/2010 Annual Report

LOW-CARBON LIFE
GREEN and **ORGANIC FOOD**

* For identification purposes only

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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS (RMB MILLION)

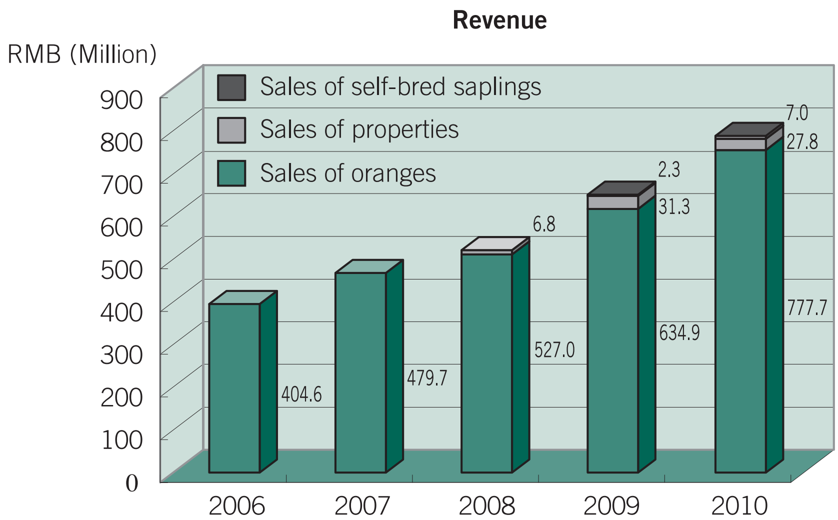
	For the year ended 30 June		
	2010	2009	% change
Reported financial information			
Revenue	**812.5**	668.5	21.5
Gross profit	**468.4**	409.2	14.5
EBITDA	**652.4**	501.9	30.0
Profit before tax	**587.3**	442.3	32.8
Profit attributable to shareholders	**585.5**	440.1	33.0
Basic earnings per share (RMB)	**0.74**	0.58	27.6
Diluted earnings per share (RMB)	**0.74**	0.58	27.6
Final dividend per share (RMB)	**0.10**	0.08	25.0
Special dividend per share (RMB)	**0.02**	—	N/A
Reported financial information adjusted to exclude biological gain			
EBITDA	**346.4**	291.2	19.0
Profit before tax	**281.3**	231.6	21.5
Profit attributable to shareholders	**279.5**	229.4	21.8
Basic earnings per share (RMB)	**0.35**	0.30	16.7
Diluted earnings per share (RMB)	**0.35**	0.30	16.7

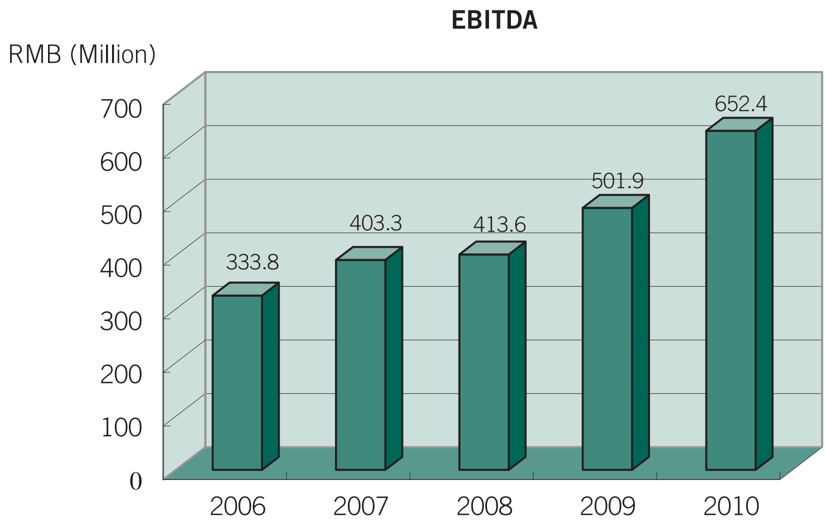
FINANCIAL RATIOS

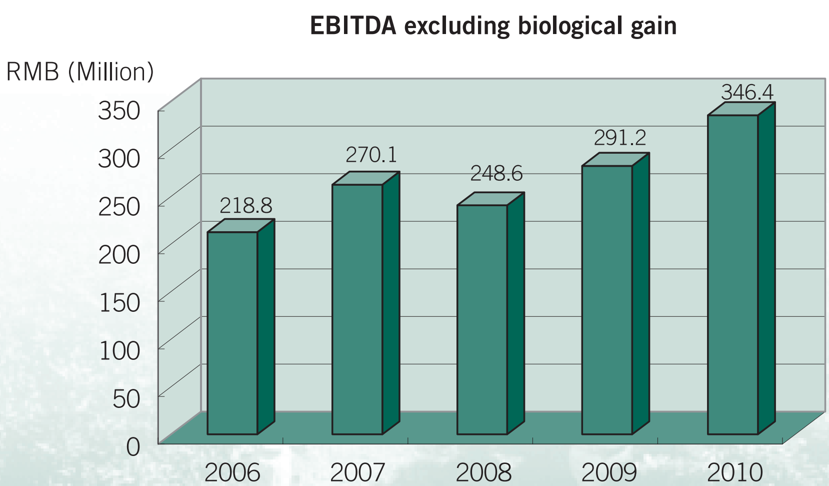
Gross profit margin (%)	**57.6**	61.2
Return on assets (%)	**15.1**	14.9
Return on equity (%)	**15.3**	15.1
Asset turnover (x)	**0.21**	0.23
Current ratio (x)	**21.33**	10.92

FINANCIAL POSITION (RMB MILLION)

Total assets	**3,871.2**	2,957.1
Net current assets	**1,052.5**	513.7
Cash & bank balances	**975.1**	461.2
Shareholders' fund	**3,819.5**	2,905.3

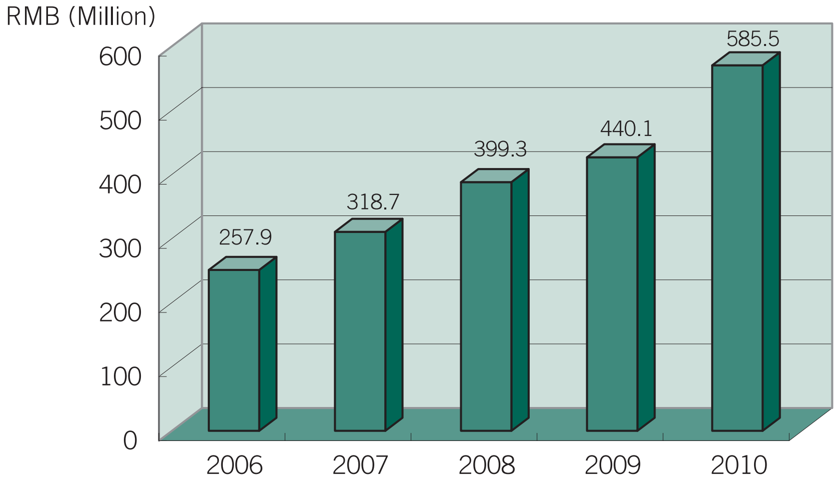

Revenue
RMB (Million)
900
800
700
600
500
400
300
200
100
0
Sales of self-bred saplings
Sales of properties
Sales of oranges
404.6
479.7
6.8
527.0
2.3
31.3
634.9
7.0
27.8
777.7
2006
2007
2008
2009
2010


EBITDA
RMB (Million)
700
600
500
400
300
200
100
0
333.8
403.3
413.6
501.9
652.4
2006
2007
2008
2009
2010

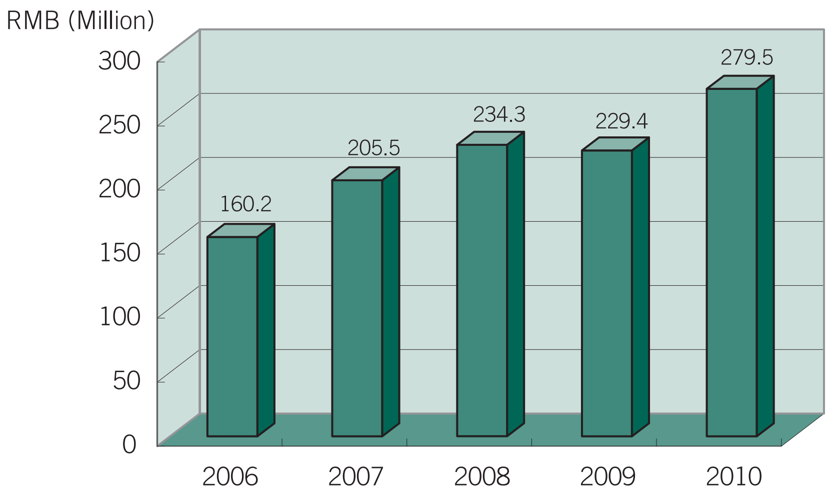

EBITDA excluding biological gain
RMB (Million)
350
300
250
200
150
100
50
0
218.8
270.1
248.6
291.2
346.4
2006
2007
2008
2009
2010

FINANCIAL HIGHLIGHTS

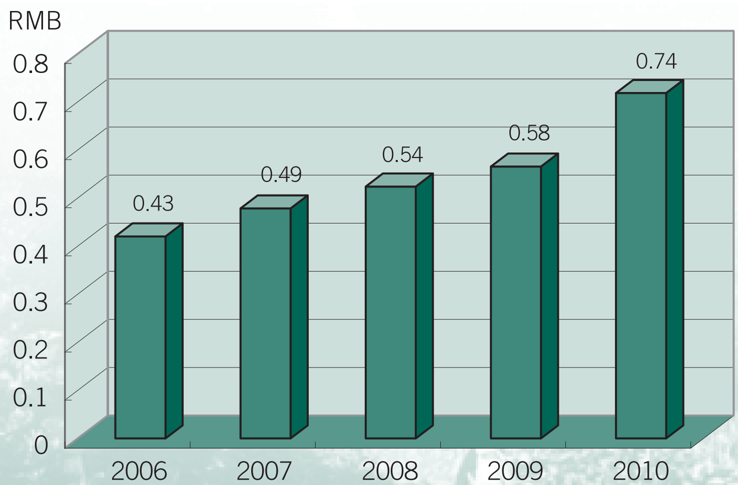
Profit attributable to shareholders



Profit attributable to shareholders excluding biological gain



Basic earnings per share



I am very pleased to present the annual results of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2010. During this period, the Group's revenue increased by 21.5% from RMB668.5million to RMB812.5million while net profit increased by 33.0% from RMB440.1million to RMB585.5million.

STRATEGIC OVERVIEW

During the year ended 30 June 2010, the Group renewed supply contracts with all of its existing customers. Furthermore, the Group continued to develop its direct sales to supermarkets in China and added several new supermarket customers in different areas of China, including Shanghai and Beijing. The Group's supermarket customers have increased from two in 2005 to 20 as of 30 June 2010 and in terms of geographical coverage, such customers now essentially cover most major cities and coastal provinces in China. We are confident that our supermarket sales will continue to grow with increased volume and further addition of customers in the near future.

The Group is mass producing self-bred saplings from its Hepu Plantation. In addition to using these saplings for our own replanting programme in the Hepu Plantation, the Group sold approximately 700,000 saplings to local farmers during the year. Ongoing development of the nursery operation and sale of self-bred saplings enabled the Group to secure a long-term stable supply of high-quality oranges, since in the latter case, reciprocal agreements have been reached with local farmers, thus ensuring the Group has first right to purchase their oranges.

In order to strengthen further its leading position in species development, the Group expanded its nursery operation with the construction of a new nursery at the Hunan Plantation, which was completed in December 2009. This new nursery will produce a fresh supply of saplings principally aimed at meeting requirements of the Hunan Plantation, although once the Hunan Plantation is completed, it will also supply local farmers with orange saplings. We believe our strength in species development and ability to mass produce improved species of orange saplings will further bolster our leading position in China's orange market.

We are fully committed to maintaining strict quality control over our products. In addition to successfully achieving the annual renewal of the "Organic Products" accreditation from the China Organic Food Certification Center for both our Hepu Plantation and Xinfeng Plantation, our "Royal Star" branded oranges also obtained the "Gold Award" at BioFach China 2010 in May 2010, which is further evidence of the outstanding quality of our products.

OPERATING REVIEW

There are approximately 1.3 million orange trees in the Hepu Plantation and approximately 1.1 million trees were producing oranges during the year ended 30 June 2010. Production output for the year was approximately 126,919 tonnes, representing an increase of 2.0% over the previous year's production of 124,394 tonnes. This growth was due mainly to increased production from certain winter orange trees as they became more mature, offsetting the reduction in number of orange-producing trees due to the replanting programme.

The Group's replanting programme at the Hepu Plantation is ongoing, and 64,194 winter orange trees have been removed and replanted with the same number of the summer orange trees during the year under review. As at the date of this report, there are approximately 180,000 winter orange trees in the Hepu Plantation, all are due to be replaced over the next three years. We are very confident that the replanting programme will deliver long-term economic benefits by increasing average yields and therefore improve revenue per tonne. The first batch of orange trees replanted in 2007 is due to produce its first crop in 2011.

CHAIRMAN'S STATEMENT

The Xinfeng Plantation is fully planted with 1.6 million winter orange trees, 1.2 million of which produced oranges during the year, yielding approximately 60,019 tonnes of oranges, an increase of approximately 117.0% over the previous year's production of 27,665 tonnes. This growth was mainly due to increased production from the first two batches of 800,000 winter orange trees, which have yet to reach full maturity, together with trial production from the third batch of 400,000 trees. The last batch of 400,000 orange trees is anticipated to begin trial production in the winter of 2010 and by that time the entire Xinfeng Plantation is expected to be producing oranges.

During the year, the Group continued construction of the Hunan Plantation, with approximately RMB80.2 million invested. As at 30 June 2010, approximately RMB101.0 million had been invested in the Hunan Plantation. In order to achieve a higher degree of automation and mechanisation, the number of trees to be planted in the plantation has been adjusted from 2.4 million to 1.8 million. The higher degree of automation and mechanisation will further enhance our farming efficiency, leading to an anticipated improvement in yields, as well as greater return on investment. The first batch of 550,000 trees will be planted at the Hunan Plantation before the end of 2010 and the entire plantation will be completed by 2013 as expected.

TRADING RESULTS

The Group's revenue from the sale of oranges was RMB777.7 million (2009: RMB634.9 million) for the year ended 30 June 2010, representing year-on-year growth of 22.5%. This was achieved mainly from increased production of approximately 22.9%. We anticipate that the proportion of sales to supermarkets will continue to increase over time and the Group's products will be able to achieve wider geographical exposure as more supermarket contracts are secured. During the year under review, we further strengthened our sales network in several major cities and coastal provinces in China, including Beijing, Shanghai, Shenzhen, Jiangsu province and Zhejiang province.

During the year ended 30 June 2010, the Group sold approximately 61,157 tonnes of oranges to supermarkets directly, representing an increase of 42.3% from 42,977 tonnes sold in the previous year. The volume and revenue derived from sales to supermarkets accounted for 32.7% and 40.8% of the Group's production and revenue from sales of oranges respectively.

The gross margin achieved by the Hepu Plantation decreased slightly to 67.7% for the year (2009: 68.6%), due mainly to higher costs associated with organic farming and wage inflation in China. The gross margin achieved by the Xinfeng Plantation was 31.3% for the year compared with 29.1% in the previous year. The higher gross margin at the Xinfeng Plantation was due mainly to the higher average maturity profile of the trees, thus achieving greater economies of scale. Over the medium term, as production volume increases and further economies of scale can be derived, the Group expects the Xinfeng Plantation to continue growing and realise greater profitability. Across the two plantations, the Group's gross margin for its core agricultural business was approximately 58.7% for the year ended 30 June 2010 (2009: 63.0%).

The cost of production for the core agricultural business increased from RMB235.0 million for the year ended 30 June 2009 to RMB321.5 million for the year ended 30 June 2010, principally due to increased consumption of raw materials accompanying the growth of the Group's production volume, higher costs associated with organic farming and wage inflation in China. The average unit cost of production at the Hepu Plantation increased from RMB1.38 per kg in the previous year to RMB1.49 per kg in the current year as a result of these higher costs. However, the average unit cost of production at the Xinfeng Plantation decreased from RMB2.31 per kg in previous year to RMB2.22 per kg in the current year due to greater economies of scale benefiting from the increased maturity of trees. Looking at the two plantations collectively, the Group's average unit cost of production increased from RMB1.55 per kg for the year ended 30 June 2009 to approximately RMB1.72 per kg for the year ended 30 June 2010.

During the year, the Group continued to sell some of its self-bred saplings to local farmers from the nursery at the Hepu Plantation. Approximately 700,000 orange saplings were sold and the Group recorded RMB7.0 million in revenue.

In addition to its core agricultural business the Group completed the transfer of ownership and title for 67 units of Phase 1 at the Xinfeng Development during the year. As a result, the Group realised revenue and incurred corresponding costs (excluding business tax and other relevant taxes and charges that may still be levied) of RMB27.8 million and RMB20.3 million respectively during the year.

HONG KONG LISTING

The Company's shares were successfully listed on The Stock Exchange of Hong Kong Limited ("HKEx") by way of introduction on 26 November 2009. Together with the original quotations on the AIM of the London Stock Exchange and PLUS Markets, the successful listing on the HKEx will facilitate the development of our business and highlight our leading industry position. More importantly, it will provide an additional platform to strengthen the Company's liquidity.

POTENTIAL DEVELOPMENTS

As announced on 15 April 2010, the Company and Guangxi Lixin State-owned Farm entered into a non-legally binding memorandum of understanding in relation to the acquisition of a citrus fruit plantation, with approximately 1.1 million citrus fruits trees and ancillary facilities. The plantation occupies a land area of approximately 10,000 mu and is located in Fuchuan County of the Guangxi Zhuang Autonomous Region in the PRC. We believe this proposed acquisition will further strengthen our own supply of high quality citrus fruit products and we will strive to complete this deal before the end of the exclusivity period which is due to expire on 31 January 2011.

CHAIRMAN'S STATEMENT

Apart from expanding the size of our plantation with the view toward increasing production of citrus fruits, we also see the opportunity for the Group to invest in value-added processed products where there is significant market demand and potential. On 11 October 2010, the Company announced that a conditional sale and purchase agreement was entered in respect of the acquisition (the "Proposed Acquisition") of 92.94% equity interest in Beihai Perfuming Garden Juice Company Limited ("Beihai BPG"). The consideration for this acquisition is approximately HK$2.04 billion. As the Proposed Acquisition will constitute a major acquisition under the Hong Kong Listing Rules, we will convene a special general meeting in late November 2010 for the purposes of obtaining shareholders' approval for the Proposed Acquisition.

Beihai BPG is a leading producer and wholesaler of tropical fruit juice concentrates in the PRC and processes over ten different varieties of tropical fruits, the most significant types of which include pineapples, passion fruits, lychees, mangoes and papayas. Beihai BPG was also the largest producer of pineapple juice concentrate and lychee juice concentrate between 2007 and 2009 and its current annual output production capacity is estimated to be over 60,000 tonnes. Leveraging on the Company's leading position in the production of oranges, increasing demand for healthy food in the PRC (including both fruits and fruit juice beverages) due to rapid urbanisation, continuous growth in household income and consumers' rising health consciousness, we believe the Proposed Acquisition will enable the Group to generate synergies resulting from the vertical integration of a citrus juice and fruit concentrates business and subsequent expansion into other tropical fruit juice concentrates.

After taking into account the leading position and scale of Beihai BPG, we consider the Proposed Acquisition will allow the Group to expand into the concentrated juice market in the PRC in an effective and efficient way.

SHARE PLACEMENT

In April 2010, 68,000,000 new ordinary shares were placed at HK$5.70 each, raising net proceeds of approximately RMB328.4million. The proceeds will be used principally to finance the acquisition of the state-owned plantation mentioned above, should such an acquisition proceed.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.10 per share and a special dividend of RMB0.02 per share for the financial year ended 30 June 2010. This equates to 37.0% of adjusted earnings excluding fair value gain on biological assets for the year ended 30 June 2010, which the Board views as an appropriate payout to provide shareholders with an attractive yield while leaving the Group with sufficient capital for further developments. The Company has decided to institute a Scrip Dividend Scheme whereby shareholders can elect to receive the dividends for the year ended 30 June 2010 in the form of shares. A document providing further details of this Scrip Dividend Scheme will be sent to shareholders in due course.

The final dividend and special dividend, if approved at the Annual General Meeting on 3 December 2010, will be paid in sterling or HK Dollar on or before 31 December 2010, to shareholders whose names appear on the register on 5 November 2010, with an ex-dividend date of 4 November 2010 and 3 November 2010 on The Stock Exchange of Hong Kong Limited and London Stock Exchange PLC respectively. The actual translation rate for the purpose of dividend payment in sterling or HK Dollar will be referenced to the exchange rate on 5 November 2010.

OUTLOOK

During the year, we made very good progress in expanding our direct sales to supermarkets, raising income from such activities as well as attracting a greater number of new supermarket customers. Alongside higher production volume from both the Hepu Plantation and Xinfeng Plantation, the Group aims to increase production of high quality citrus fruits through the possible acquisition of a plantation and by capitalising on the ongoing saplings programme with local farmers, which will enable the Group to source high-quality oranges from the farmers. In addition to the fresh fruits market, the Group is very confident that fruit juice consumption will continue to grow in China; hence the potential acquisition of Beihai BPG will provide the Group with the techniques, processing capacity and distribution network to more effectively and efficiently expand into the concentrated juice market in the PRC.

On behalf of the Board, I would like to express my deepest gratitude to the management and employees of the Group for their dedication and contribution to the growth of Asian Citrus. In addition, I would like to take this opportunity to thank all of our shareholders and investors for their ongoing support. We are very excited about the Group's growth, in both upstream and downstream businesses, and we are confident that Asian Citrus will make further progress and deliver good value to shareholders in the wake of continuing economic growth in China.

Tony Tong Wang Chow
Chairman

12 October 2010

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PERFORMANCE

Revenue

Revenue from sale of oranges grew by 22.5% to RMB777.7 million for the year ended 30 June 2010. This was achieved by an increase of approximately 22.9% in the Group's production to 186,938 tonnes.

The production yield from Hepu Plantation increased by 2.0% to 126,919 tonnes for the year ended 30 June 2010. The orange trees continue to mature and more trees reached orange-bearing age, the production yield from the Xinfeng Plantation increased significantly by 117.0% to 60,019 tonnes for the year ended 30 June 2010 from 27,665 tonnes in the comparable year.

The following tables sets out the average selling prices of the Group's oranges for each of the years ended 30 June 2010 and 2009.

	Year ended 30 June	
	2010	2009
	RMB	RMB
	(per tonne)	(per tonne)
Hepu Plantation		
– Winter Oranges	**3,567**	3,470
– Summer Oranges	**5,516**	5,057
Xinfeng Plantation		
– Winter Oranges	**3,330**	3,260

The first sales of self-bred saplings developed from the nursery centre at the Hepu Plantation took place in April 2009. For the year ended 30 June 2010, RMB7.0 million from the sales of approximately 700,000 selfbred saplings to local farmers was recognised.

In addition to the core agricultural business, the transfer of 67 units of Phase I of the Xinfeng Development was completed during the year ended 30 June 2010. The Group recognised revenue and corresponding costs (excluding business tax and other relevant taxes and charges that may be levied) of approximately RMB27.8 million and RMB20.3 million respectively.

Combining the above, the Group's revenue increased by 21.5% to RMB812.5 million for the year ended 30 June 2010.

The breakdown of sales by types is as follows:

	For the year ended 30 June			
	2010		2009	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Hepu Plantation	**583,649**	**71.8%**	544,757	81.5%
Xinfeng Plantation	**194,016**	**23.9%**	90,188	13.5%
Sales of oranges	**777,665**	**95.7%**	634,945	95.0%
Sales of self-bred saplings	**7,056**	**0.9%**	2,246	0.3%
Sales of properties	**27,761**	**3.4%**	31,338	4.7%
Total revenue	**812,482**	**100.0%**	668,529	100.0%

All of the Group's produce was sold domestically. The Group's customers from the sales of oranges can be divided into three categories, namely corporate customers, wholesale customers, and supermarket chains. The breakdown of types of customers is as follows:

	For the year ended 30 June	
	2010	2009
	% of sale of oranges	
Types of customers		
Supermarket chains	**40.8%**	36.7%
Corporate customers	**34.5%**	38.9%
Wholesale customers	**23.8%**	23.9%
Other	**0.9%**	0.5%
Total	**100.0%**	100.0%

For the year ended 30 June 2010, the production volume and revenue to supermarket chains represented approximately 32.7% and 40.8% respectively of the Group, compared to approximately 28.3% and 36.7% respectively for the year ended 30 June 2009. We expect that this proportion will continue to increase and the Group's products will achieve wider geographical exposure as more supermarket contracts in the PRC are secured.

For the Hepu Plantation and Xinfeng Plantation, the production volume sold to supermarkets was 45,298 tonnes and 15,859 tonnes for the year ended 30 June 2010, increased from 39,475 tonnes and 3,502 tonnes for the year ended 30 June 2009 respectively.

Cost of sales

Cost of sale principally consists of the cost of raw materials such as fertilisers, packaging materials, pesticides and other direct costs such as direct labour, depreciation and production overheads. The breakdown of cost of sales is as follows:

	For the year ended 30 June			
	2010		2009	
Cost of sales	**RMB'000**	**% of Cost of sales**	RMB'000	% of Cost of sales
Inventories used				
Fertilisers	**164,613**	**47.8%**	105,072	40.5%
Packaging materials	**39,982**	**11.6%**	39,182	15.1%
Pesticides	**27,153**	**7.9%**	19,684	7.6%
	231,748	**67.3%**	163,938	63.2%
Production overheads				
Direct labour	**30,855**	**9.0%**	25,488	9.8%
Depreciation	**49,637**	**14.4%**	38,410	14.8%
Others	**9,266**	**2.7%**	7,203	2.8%
Cost of sales of oranges	**321,506**	**93.4%**	235,039	90.6%
Cost of sales of self-bred saplings	**2,262**	**0.7%**	562	0.2%
Cost of sales of properties	**20,337**	**5.9%**	23,704	9.2%
Total	**344,105**	**100%**	259,305	100%

The production costs of the core agricultural business increased 36.8% to RMB321.5 million (2009: RMB235.0 million). The increase in production costs was principally due to the increase in raw materials utilised for higher production volumes, the higher costs associated with organic farming and wage inflation in China.

The average unit cost of production in the Hepu Plantation increased by 8.7% to approximately RMB1.49 per kg for the year ended 30 June 2010 (2009: approximately RMB1.38 per kg) as a result of these higher costs.

The average unit cost of production in the Xinfeng Plantation decreased by 3.9% to approximately RMB2.22 per kg for the year ended 30 June 2010 (2009: approximately RMB2.31 per kg) as a result of better economies of scale achieved. As a result, the combined average unit cost of production increased by 11.3% to approximately RMB1.72 per kg for the year ended 30 June 2010 (2009: approximately RMB1.55 per kg).

Gross profit

The Group's overall gross profit increased by 14.5% to approximately RMB468.4 million for the year ended 30 June 2010 (2009: RMB409.2 million). The improvement in gross profit was the result of an increase in the production output of the Group's orange trees from a total of 152,059 tonnes to 186,938 tonnes.

Gross profit margin

The following table sets out a breakdown of the Group's gross profit margin by plantation:

	For the year ended 30 June	
	2010	2009
Hepu Plantation	**67.7%**	68.6%
Xinfeng Plantation	**31.3%**	29.1%

The gross profit margin of the Hepu Plantation slightly decreased to approximately 67.7% (2009: 68.6%) as a result of the higher costs mentioned above.

More trees in the Xinfeng Plantation have reached orange-bearing age and have continued to mature during the year. Benefiting from the increasing maturity of the orange trees in the Xinfeng Plantation, the gross profit margin of the Xinfeng Plantation increased to approximately 31.3% for the year ended 30 June 2010 (2009: 29.1%). As a result of the continuous growth in production volume and economies of scale, we expect that the margin of the Xinfeng Plantation will continue to improve over the medium term.

The following table sets out a breakdown of the Group's gross profit margin by business:

	For the year ended 30 June	
	2010	2009
Sales of oranges	**58.7%**	63.0%
Sales of self-bred saplings	**67.9%**	75.0%
Sales of properties	**26.7%**	24.4%
Overall gross profit margin	**57.6%**	61.2%

The decrease in gross profit margin on the sales of oranges was mainly due to the higher contribution from Xinfeng Plantation with its lower profit margin due to its early stage of the development.

The drop of the gross profit margin on the sales of self-bred saplings was due to the increase in overheads resulting from the full operation of the nursery centre.

The increase in gross profit margin on the sale of properties was mainly due to the higher price per sq.m. obtained for property sold. As at 30 June 2010, there were 49 units sold but not yet recognised in the income statement as the occupational permits were under application.

Other income

The Group recorded a gain of RMB306.0 million from changes in fair value of biological assets for the year ended 30 June 2010, compared to a gain of RMB210.6 million for the last year. The increase was mainly due to the higher selling price of the oranges achieved by the Group and the transfer of 400,000 infant trees to orange trees and the increased maturity of orange trees in our plantations during the year.

Selling and distribution expenses

Selling and distribution expenses mainly comprise sales commissions, advertising, salaries and welfare of sales personnel, travelling and transportation expenses. The selling and distribution expenses of the Group increased from approximately RMB39.9 million for the year ended 30 June 2009 to approximately RMB45.5 million for the year ended 30 June 2010, representing an increase of 14.1%, mainly resulting from the increased sale activities in Xinfeng Plantation and more direct sales to supermarket customers during the year.

General and administrative expenses

General and administrative expenses comprise mainly salary, office administration expenses, depreciation, amortization, raw material utilised for infant trees and research costs. The general and administrative expenses of the Group were approximately RMB143.3 million for the year ended 30 June 2010 (2009: RMB137.5 million), representing an increase of 4.2%. The increase was mainly due to the one-off expense of RMB16.3 million for the listing by the way of introduction of the share capital on the Main Board of the Stock Exchange of Hong Kong Limited. Excluding this one-off expense, the general and administrative expenses would have been decreased by RMB10.5 million as a result of less raw materials utilised for the infant trees in Xinfeng Plantation. The last batch of 400,000 infant trees is close to fruit-bearing stage with the trial harvest expected in the winter of 2010.

Profit

Pre-tax profit was approximately RMB587.3 million for the year ended 30 June 2010, representing an increase of 32.8% as compared to last year. The profit attributable to shareholders for the year ended 30 June 2010 increased to RMB585.5 million, compared to RMB440.1 million for 2009, up 33.0%. There were one-off listing expenses of RMB16.3 million for the year ended 30 June 2010 and excluding these one-off expenses, net profit would have been up by 36.7%.

Pre-tax profit excluding the biological gain was RMB281.3 million for the year ended 30 June 2010, representing an increase of 21.5% as compared to last year. The profit attributable to shareholders excluding the biological gain for the year ended 30 June 2010 was RMB279.5 million, compared to RMB229.4 million for 2009, up 21.8%. Excluding the one-off listing expenses as mentioned above, net profit excluding the biological gain would have been up by 28.9%.

The increase was mainly due to the higher operating profit from greater production volume as the maturity of orange trees in Xinfeng Plantation increased and higher selling price of oranges.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has recommended a final dividend of RMB0.10 per share and a special dividend of RMB0.02 per share for the year ended 30 June 2010 (2009: RMB0.08 and nil respectively).

PRODUCTIVITY

The increasing maturity of the oranges trees together with effective managerial planning and production supervision, has led to productivity gains.

	For the year ended 30 June			
	2010		2009	
Types of produce	**Tonnes**	**% of Total output**	Tonnes	% of total output
Winter Oranges	**114,530**	**61.3%**	80,807	46.9%
Summer Oranges	**72,408**	**38.7%**	71,252	53.1%
Total	**186,938**		152,059	

The production volume of Winter Oranges increased to 114,530 tonnes for the year ended 30 June 2010, representing an increase of 41.7%. The production volume of Winter Oranges in Hepu Plantation increased from 53,142 tonnes for the year ended 30 June 2009 to 54,511 tonnes for 2010, representing an increase of approximately 2.6%. As the orange trees matured, the production volume of Winter Oranges from Xinfeng Plantation increased significantly by 117.0% to 60,019 tonnes for the year ended 30 June 2010 from 27,665 tonnes in the last year.

The production volume of Summer Oranges slightly increased to 72,408 tonnes for the year ended 30 June 2010 (2009: 71,252 tonnes).

CAPITAL STRUCTURE

As at 30 June 2010, there were 852,650,094 shares in issue. Based on the closing price of HK$5.47 as at 30 June 2010, the market capitalisation of the Company was approximately 4,664.0 million (GBP417.8 million).

HUMAN RESOURCES

There were a total of 1,368 employees of the Group as at 30 June 2010. The Group aims to attract, retain and motivate high calibre individuals with a competitive remuneration package. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration. The Group reviews the employees' remuneration packages on an annual basis. The Group also places heavy emphasis on staff training and development so that employees can reach their maximum potential.

FINANCIAL PERFORMANCE

	30 June 2010	30 June 2009
Current ratio (x)	**21.33**	10.92
Quick ratio (x)	**19.21**	9.19
Asset turnover (x)	**0.21**	0.23
Basic earnings excluding revaluation from biological assets per share (RMB)	**0.35**	0.30
Basic earnings per share (RMB)	**0.74**	0.58
Net debt to equity (%)	**Net cash**	Net cash

Liquidity

The current ratio and quick ratio was 21.33 and 19.21 respectively. The liquidity of the Group is remained healthy with sufficient reserves for both current operation and future development.

Profitability

The asset turnover of the Group slightly decreased to 0.21 (2009: 0.23) for the year ended 30 June 2010.

The basic earnings per share for the year ended 30 June 2010 was RMB0.74 (2009: RMB0.58).

The basic earnings excluding biological gain per share for the year ended 30 June 2010 increased to RMB0.35 (2009: RMB0.30). The increase was mainly due to the higher operating profit from greater production volume as the increased maturity of orange trees in Xinfeng Plantation and higher selling price of oranges.

Debt ratio

The net cash positions of the Group were RMB975.1 million and RMB461.2 million at 30 June 2010 and 2009 respectively.

Internal cash resource

The Group's major internal cash resource is its cash and bank balances. The Group did not have any outstanding bank borrowings as at 30 June 2010.

Charge on assets and contingent liabilities

None of the Group's assets were pledged and the Group did not have any material contingent liabilities as at 30 June 2010.

Capital Commitments

As at 30 June 2010, the Group had capital commitments of approximately RMB91.1 million mainly in relation to the construction of the farmland infrastructure in the Hunan Plantation.

Foreign exchange risk

The Group is exposed to currency risk primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operation to which they related. The currencies giving rise to this risk are primarily Hong Kong dollars, United States dollars and British pounds.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages its currency risk by closely monitoring the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. TONG Wang Chow, *Executive Chairman and Chief Executive Officer and a member of the Remuneration Committee*

Mr. Tong Wang Chow, aged 71, is the founder of the Group in 2000. Mr. Tong was appointed as an executive Director on 18 November 2003. He is responsible for the overall strategic planning and direction of the Group. Mr. Tong has over 20 years of business development experience in the PRC, principally in the brewing and transportation industries, and has approximately 10 years of experience in the plantation and food industry. He is a member of the Chinese People's Political Consultative Conference Guangdong Province Shantou Municipal Committee, the Permanent Honorary Chairman of the Hong Kong Shantou Merchants Association, a general committee member of the Chinese Manufacturers Association of Hong Kong and the Honorary Consultant of the Federation of HK Chiu Chow Community Organisation. He is a Honorary President of the Association for the Promotion of Hong Kong Heilongjiang Economy and the Honorary Chairman of the Ganzhou Navel Orange Association. He was the Honorary Consul of Mongolia in the Hong Kong Special Administrative Region from 2006 to June 2008. Mr. Tong is the father of Mr. Tong Hung Wai, Tommy.

Mr. TONG Hung Wai, Tommy, *Sale and Marketing Director*

Mr. Tong Hung Wai, Tommy, aged 41, is the co-founder of the Group. Mr. Tong was appointed as an executive Director on 18 November 2003. He is responsible for the sales and marketing of the Group and has approximately 8 years of experience in marketing and business management with the Group. Mr. Tong obtained a bachelor of business degree in international business in 1996 from Queensland University of Technology, Australia. He is the son of Mr. Tong Wang Chow.

Mr. CHEUNG Wai Sun, *Executive Director*

Mr. Cheung Wai Sun, aged 51, joined the Board on 18 November 2003. Mr. Cheung had previously joined Chaoda Vegetable & Fruits Limited ("Chaoda Vegetable"), a subsidiary of Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"), in 2000 and was the deputy general manager of Chaoda Vegetable. He resigned as the deputy general manager of Chaoda Vegetable in 2005. Mr. Cheung has gained extensive knowledge and experience in the agricultural business in the PRC by virtue of his position in Chaoda Vegetable. He was a member of the Chinese People's Political Consultative Conference Guangdong Province Meizhou Municipal Committee.

Mr. PANG Yi, *Deputy General Manager of the Hepu Plantation*

Mr. Pang Yi, aged 41, joined the Group in 2000 as the Deputy General Manager of the Hepu Plantation and was appointed as an executive Director on 16 June 2005. He is responsible for the Group's overall operation and management in the PRC. He obtained a bachelor's degree in plantation economic management from the Northwest Sci-Tech University of Agriculture and Forestry in 1995. Mr. Pang had been appointed by Guangxi Foreign Trade and Economic Cooperation Department as investment service supervisor of Guangxi Zhuang Autonomous Region from 2002 to 2005. He was also a member of the Chinese People's Political Consultative Conference Hepu County Committee.

Mr. SUNG Chi Keung, *Finance Director and Company Secretary*

Mr. Sung Chi Keung, aged 35, joined the Company in 2004 as the financial controller of the Group and was appointed as an executive Director on 15 January 2007. Mr. Sung was appointed as the Company Secretary of the Company on 7 August 2004. Mr. Sung holds a bachelor's degree in business administration, majoring in professional accountancy, from The Chinese University of Hong Kong and a master's degree in corporate finance from The Hong Kong Polytechnic University. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Sung has over ten years of experience in financial management, accounting, taxation, auditing and corporate finance and previously worked for KPMG, PricewaterhouseCoopers Ltd. and Deloitte & Touche Corporate Finance Ltd., before joining the Group in August 2004.

NON-EXECUTIVE DIRECTORS

Mr. IP Chi Ming, *Vice Chairman*

Mr. Ip Chi Ming, aged 49, joined the Group in August 2001 and was appointed as a non-executive Director on 18 November 2003. Mr. Ip is also a non-executive director of Chaoda and an executive director of Suncorp Technologies Limited. Mr. Ip was introduced to the Company by Chaoda. Mr. Ip has over 13 years of experience in trading and marketing at the Chaoda group as well as extensive experience in corporate strategic planning, overall management, business development and sales and marketing.

Hon Peregrine MONCREIFFE

The Hon Peregrine Moncreiffe, aged 59, was appointed to the Board on 1 February 2006 by Metage Funds Limited and Metage Special Emerging Markets Fund Limited, acting jointly, pursuant to the terms of the convertible bonds issued by the Company on 14 July 2005. Mr. Moncreiffe owns less than 2% interests in each of Metage Funds Limited and Metage Special Emerging Markets Fund Limited. Mr. Moncreiffe is also on the board of Metage Funds Limited and Metage Special Emerging Markets Fund Limited. After graduating from Oxford University, Mr. Moncreiffe spent much of his career in investment management and banking in London, New York and East Asia. Mr. Moncreiffe formerly worked for the Credit Suisse First Boston Group, and was a managing director of Lehman Brothers in New York before helping to found Buchanan Partners, a London based investment company of which he was chief executive.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. MA Chiu Cheung, Andrew, *the Chairman of the Audit Committee and a member of the Remuneration Committee*

Mr. Ma Chiu Cheung, Andrew, aged 68, joined the Board on 7 August 2004. Mr. Ma is a founder and former director of Andrew Ma DFK (CPA) Limited. He is presently a director of Mayee Management Limited. He has more than 30 years of experience in accounting, auditing and finance. He obtained a bachelor's degree in economics from the London School of Economics and Political Science, University of London in England in 1966. Mr. Ma is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and The Taxation Institute of Hong Kong. He is currently also an Independent Non-executive Director of several other listed companies in Hong Kong including Asia Financial Holdings Limited, Beijing Properties (Holdings) Ltd, C.P. Pokohand Co., Ltd., China Resources Holdings Company Limited, Chong Hing Bank Limited and Tanrich Financial Holding Limited. Mr. Ma has the professional qualifications and accounting expertise as required under Rule 3.10(2) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Nicholas SMITH, *the Chairman of the Remuneration Committee and a member of the Audit Committee*

Mr. Nicholas Smith, aged 58, joined the Board on 1 July 2005. Mr. Smith has over 20 years experience in investment banking, having worked in Europe and Asia for Flemings, Jardine Fleming and HSBC. His roles have included Co-Head of Investment Banking and Chief Financial Officer of the Jardine Fleming Group. Mr. Smith is a Chartered Accountant and previously worked for KPMG and Ernst & Young. He currently serves as a non-executive director of Schroder AsiaPacific Fund plc listed on the London Stock Exchange, PLUS Markets Group plc and Sorbic International Ltd which are traded on AIM and Japan Opportunities Fund II Ltd. He is also Chairman of privately held Ophir Energy plc..

Mr. YANG Zhenhan, *a member of the Audit Committee*

Mr. Yang Zhenhan, aged 78, joined the Board on 2 June 2004. Mr. Yang obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. Mr. Yang is a machine-building specialist with over 30 years of experience. Mr. Yang was a director of the Foreign Economic Relations and Trade Commission of Shanghai Municipality, responsible for the international trade and foreign investment affairs of Shanghai city from 1983 to 1985. Mr. Yang had been a member of Guangzhou Chinese People's Political Consultative Conference from 2002 to 2007.

Dr. LUI Ming Wah, SBS JP

Dr. Lui Ming Wah, SBS JP, aged 72, joined the Board on 2 June 2004. Dr. Lui is an industrialist serving as the honorary chairman of the Hong Kong Electronic Industries Association, the Hon-president of the Chinese Manufacturers' Association of Hong Kong and the Hong Kong Shandong Chamber of Commerce. He is a member of the Chinese People's Political Consultative Conference. Dr. Lui was elected to the Legislative Council of Hong Kong in May 1998 for a term of two years. In the 2000 and 2004 Legislative Council elections, he was elected again for a term of four years. He is the observer of the Hong Kong Independent Police Complaints Council and is an Adviser Professor of Shandong University. Dr. Lui obtained his master of science and doctor of philosophy degrees from the University of New South Wales in Australia and the University of Saskatchewan in Canada, respectively. He is currently the Managing Director of Keystone Electronics Co. Limited. Dr. Lui is currently an independent non-executive director of a few other companies which are listed on the Main Board and GEM Board of the Stock Exchange, including AV Concept Holdings Limited (stock code 595), Gold Peak Industries (Holdings) Limited (stock code 40), S.A.S. Dragon Holdings Limited (stock code 1184), Glory Mark Hi-tech (Holdings) Limited (stock code 8159) and L.K. Technology Holdings Limited (stock code 558).

SENIOR MANAGEMENT

Mr. LIU Geng Feng, aged 69, is the head of the Group's research and development team. Mr. Liu joined the Group in January 2000. Before joining the Group, he supervised the PhD programme at the Hunan Agriculture Research Institute for 36 years.

Madam ZHAO Li Na, aged 51, is the financial controller of the Hepu Plantation. Madam Zhao joined the Group in January 2003 and has over 20 years of experience in the financial management and accounting field in the PRC.

Mr. XIAN Jia Xu, aged 46, is the manager of the plantation department of the Hepu Plantation. Mr. Xian joined the Group in January 2000. Mr. Xian obtained his bachelor's degree in agriculture from the University of Guangxi in 1986 and has worked for Tropicana China Beihai Food Company Limited. He has over 15 years of experience in agricultural and cultivation management.

Mr. ZHONG Kun He, aged 46, joined the Group in March 2000 and is the executive controller of the Xinfeng Plantation. Mr. Zhong graduated from the Zhanjiang Agriculture Professional School specialising in fruits tree management. Mr. Zhong previously worked for Tropicana China Beihai Food Company Limited which was the original owner of the Hepu Plantation, and has over 20 years of experience in agricultural and cultivation management.

Mr. Wu Feng, aged 41, joined the Group in August 2007 and is the deputy general manager of the Hunan Plantation. Mr. Wu graduated from Zhanjiang Agriculture Professional School specialising in fruits tree management. Prior to joining the Group, he has worked in various agricultural companies in the PRC responsible for plantation management. He has over 10 years of experience in agricultural and cultivation management.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Dr. WANG Shaoke, aged 57, joined the Group in April 2006 and is the chief scientist of the Group. He obtained the degree of Doctor of Philosophy (Agronomy) at Colorado State University in the United States in 1987. Dr. Wang is a Faculty Affiliate of the Department of Soil and Crop Sciences at Colorado State University in the United States. He was a Chief Scientist and Acting Director of China Agricultural Development (Hong Kong) Ltd from 1997 to 2006, which has developed a large-scale new citrus farm of grapefruits, limes, oranges and many new healthy crops in Southern China. Dr. Wang has been active in the international scientific activities. He was appointed by the International Barley Genetic Committee as an International Coordinator for the barley Chromosome 2 and served in that position from 1990 to 1992. He has also authored numerous papers in the scientific journals published in the United States, Germany, Canada, Japan, Italy and the PRC. He is an Honorary Professor of the Inner-Mongolian Academy of Agricultural Sciences and the Xinjiang Academy of Agricultural Sciences in the PRC. He has been invited to the PRC to lecture and give scientific advices during the past 15 years.

Mr. Lau Hak Kin, aged 32, joined the Company in December 2005 and is the financial controller of the Group. Mr. Lau holds a bachelor's degree in business administration, majoring in accountancy, from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a CFA charterholder. He has 10 years of experience in financial management, risk management, accounting, taxation and auditing and previously worked for PricewaterhouseCoopers before joining the Group.

The Directors are pleased to present their report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The Company is an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are planting, cultivation and selling of agricultural products. The Group currently owns and operates orange plantations in the People's Republic of China ("PRC").

BUSINESS REVIEW

A review of Group's performance, business activities and development is included in the Chairman's Statement and the Management Discussion & Analysis on page 10 to 17.

RESULTS

The profit attributable to shareholders for the year is set out in the Consolidated Statement of Comprehensive Income on page 45.

DIVIDENDS

The Directors are pleased to recommend that a final dividend of RMB0.10 per share and a special dividend of RMB0.02 per share on or before 31 December 2010, subject to the approval of the forthcoming annual general meeting on 3 December 2010. The actual translation rate for the purpose of dividend payment in sterling and HK Dollar will be referenced to exchange rate on 5 November 2010.

The register of members of the Company will be closed on the record date of 5 November 2010, with an ex-dividend date of 4 November 2010 and 3 November 2010 on The Stock Exchange of Hong Kong Limited and London Stock Exchange PLC respectively. Only shareholders that appear on the register on the record date will be qualified for the proposed dividends.

In order to qualify for receiving the final dividend and special dividend, shareholders registered on the Hong Kong branch register of the Company are reminded to ensure that all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, ComputershareHong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30p.m. on 5 November 2010.

The shareholders will receive their cash dividends in sterling or HK Dollar. It is also intended that the scrip dividend alternative to the cash dividend will be offered during 2010. A document providing further details of his Scrip Dividend Scheme will be sent to shareholders in due course.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the Consolidated Statement of Changes of Equity on page 48 and Note 24a to the Financial Statements respectively. As at 30 June 2010, the Company's reserves available for distribution amounted to approximately RMB928,082,000 (2009: RMB644,642,000).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the financial year are set out in Note 12 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws; or the laws of Bermuda, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year, except for the issue of 6,106,000 ordinary shares under the Share Option Scheme, the issue of 7,984,294 ordinary shares to shareholders participating in the scrip dividend and the placing of 68,000,000 ordinary shares to investors in April 2010 as set out below:

Fund Raising Activity

For the purpose of strengthening the capital base for further development of the Group, the Group completed the following fund raising activity during the year under review. The Company issued 68,000,000 ordinary shares to not less than six professional institutional and other investors who are independent third parties under a placing and subscription agreement with net proceeds of approximately RMB328.4 million, and mainly intends to apply to acquire a citrus fruit plantation with approximately 1.1 million citrus fruits trees and ancillary facilities which occupies a land area of approximately 10,000 mu located in the PRC, further details of which are stated in the announcement dated 21 April 2010.

DIRECTORS

The Directors of the Company are set out below:

Director	Date of appointment
Executive Directors	
Mr. Tong Wang Chow	18 November 2003
Mr. Tong Hung Wai, Tommy	18 November 2003
Mr. Cheung Wai Sun	18 November 2003
Mr. Pang Yi	16 June 2005
Mr. Sung Chi Keung	15 January 2007
Non-executive Directors	
Mr. Ip Chi Ming	18 November 2003
Hon Peregrine Moncreiffe	1 February 2006
Independent Non-Executive Directors	
Dr. Hon Lui Ming Wah, SBS JP	2 June 2004
Mr. Yang Zhen Han	2 June 2004
Mr. Ma Chiu Cheung, Andrew	7 August 2004
Mr. Nicholas Smith	1 July 2005

No Directors has resigned during the year ended 30 June 2010.

In accordance with Bye-laws 88(1) of the Company's Bye-laws, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to less than one third) will retire from office by rotation. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

This year, in accordance with the Company's Bye laws, Mr. Yang Zhen Han, Mr. Ma Chiu Cheung, Andrew, Mr. Pang Yi and Mr. Nicholas Smith will retire at the forthcoming annual general meeting of the Company and all of them, being eligible, offer themselves for reelection.

DIRECTORS' AND CHIEF EXECUTIVES'S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong ("SFO")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and the HKEx, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), are set out below:

		Number of shares held					
Name	Class of shares	Personal interests	Family interests	Corporate interests	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total issued share capital
Tong Wang Chow	Ordinary shares/ Share options	—	—	271,223,153 *(Note 1)*	3,850,000 *(Note 2)*	275,073,153	32.26%
Tong Hung Wai Tommy	Share options	—	—	—	1,900,000 *(Note 3)*	1,900,000	0.22%
Cheung Wai Sun	Ordinary shares/ Share options	330,000	—	—	1,410,000 *(Note 4)*	1,740,000	0.20%
Pang Yi	Share options	—	—	—	7,150,000 *(Note 5)*	7,150,000	0.84%
Sung Chi Keung	Ordinary shares/ Share options	600,000	—	—	4,680,000 *(Note 6)*	5,280,000	0.62%
Nicholas Smith	Ordinary shares/ Share options	744,491 *(Note 7)*	—	—	500,000 *(Note 8)*	1,244,491	0.15%
Ip Chi Ming	Share options	—	—	—	500,000 *(Note 9)*	500,000	0.06%
Peregrine Moncreiffe	Share options	—	—	—	500,000 *(Note 10)*	500,000	0.06%
Lui Ming Wah	Share options	—	—	—	500,000 *(Note 11)*	500,000	0.06%
Yang Zhen Han	Share options	—	—	—	500,000 *(Note 12)*	500,000	0.06%
Ma Chiu Cheung. Andrew	Share options	—	—	—	500,000 *(Note 13)*	500,000	0.06%

Notes:

(1) The 271,223,153 shares were held by Market Ahead Investments Limited ("Market Ahead"), the issued share capital of which is beneficially owned by the following persons:

Mr Tong Wang Chow	76%
Mr Tong Hung Wai, Tommy	6%
Mrs Tong Lee Fung Kiu	6%
Ms Tong Mei Lin	6%
Mr Lee Kun Chung	6%

Mr Tong Wang Chow is deemed to be interested in 271,223,153 shares held by Market Ahead by virtue of the SFO. Mr Tong Wang Chow is also a director of Market Ahead.

(2) 1,500,000 shares would be allotted and issued to Mr. Tong Wang Chow upon the exercise in full of the share options granted to Mr. Tong Wang Chow under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014.

1,500,000 shares would be allotted and issued to Mr. Tong Wang Chow upon the exercise in full of the share options granted to Mr. Tong Wang Chow under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

850,000 shares would be allotted and issued to Mr. Tong Wang Chow upon the exercise in full of the share options to Mr. Tong Wang Chow under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(3) 550,000 shares would be allotted and issued to Mr. Tong Hung Wai Tommy upon the exercise in full of the share options granted to Mr. Tong Hung Wai Tommy under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014.

600,000 shares would be allotted and issued to Mr. Tong Hung Wai Tommy upon the exercise in full of the share options granted to Mr. Tong Hung Wai Tommy under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

750,000 shares would be allotted and issued to Mr. Tong Hung Wai, Tommy upon the exercise in full of the share options to Mr. Tong Hung Wai, Tommy under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(4) 180,000 shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to Mr. Cheung Wai Sun under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014.

480,000 shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to Mr. Cheung Wai Sun under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

750,000 shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options to Mr. Cheung Wai Sun under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(5) 1,350,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.112 per share during the period from 3 August 2006 to 2 August 2015.

1,200,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014.

1,200,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

3,400,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options to Mr. Pang Yi under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(6) 720,000 shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.112 per share during the period from 3 August 2006 to 2 August 2015.

1,000,000 shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014.

960,000 shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

2,000,000 shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options to Mr. Sung Chi Keung under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(7) The 744,491 shares were held as to 319,066 shares by Carey Pensions & Benefits Limited as trustee of InterRetire - Smith Executive Retirement Plan (the "Plan") and as to 425,425 shares by Mr. Nicholas Smith in his own name. As at 30 June 2010, Mr. Nicholas Smith was a direct beneficiary of the Plan and is deemed to have an interest in the shares held by the Plan.

(8) 500,000 shares would be allotted and issued to Mr. Nicholas Smith upon the exercise in full of the share options to Mr. Nicholas Smith under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(9) 500,000 shares would be allotted and issued to Mr. Ip Chi Ming upon the exercise in full of the share options to Mr. Ip Chi Ming under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(10) 500,000 shares would be allotted and issued to Mr. Peregrine Moncreiffe upon the exercise in full of the share options to Mr. Peregrine Moncreiffe under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(11) 500,000 shares would be allotted and issued to Mr. Lui Ming Wah upon the exercise in full of the share options to Mr. Lui Ming Wah under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(12) 500,000 shares would be allotted and issued to Mr. Yang Zhen Han upon the exercise in full of the share options to Mr. Yang Zhen Han under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(13) 500,000 shares would be allotted and issued to Mr. Ma Chiu Cheung, Andrew upon the exercise in full of the share options to Mr. Ma Chiu Cheung, Andrew under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2010, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

Save as disclosed above, none of the Directors, the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 June 2010 as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDINGS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, so far as is known to the Directors, the following persons or companies (other than the Directors and the chief executive) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of shares held	Nature of interest	Approximate percentage of issued shares as at 30 June 2010 (%)
Market Ahead (Note 1)	271,223,153	Beneficial owner	31.81%
Tong Lee Fung Kiu (Note 1)	271,223,153	Interest of spouse	31.81%
Huge Market Investments Limited ("Huge Market") (Note 2)	194,448,026	Beneficial owner	22.81%
Chaoda Modern Agriculture (Holdings) Limited ("Chaoda") (Note 2)	194,448,026	Interest of controlled corporation	22.81%

Note:

(1) Market Ahead is a company incorporated in the BVI, the issued share capital of which is beneficially owned by the following persons:

Mr. Tong Wang Chow	76%
Mr. Tong Hung Wai, Tommy	6%
Mrs. Tong Lee Fung Kiu	6%
Ms. Tong Mei Lin	6%
Mr. Lee Kun Chung	6%

Mr. Tong Wang Chow is deemed to be interested in 271,223,153 shares held by Market Ahead by virtue of the SFO.

Mrs. Tong Lee Fung Kiu is the spouse of Mr. Tong Wang Chow. By virtue of the SFO, Mrs. Tong Lee Fung Kiu is also deemed, as spouse, to be interested in all the Shares in which Mr. Tong Wang Chow is deemed to be interested.

Mr. Tong Wang Chow is also a director of Market Ahead.

(2) The entire issued share capital of Huge Market is held by Chaoda. Chaoda is deemed to be interested in 194,448,026 shares held by Huge Market by virtue of the SFO.

Mr Ip. Chi Ming is a director of Huge Market and Chaoda.

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted by the Company on 29 June 2005. A post listing share option scheme (the "Post Listing Scheme") was adopted by the Company on 2 November 2009. A summary of the principal terms of the Share Option Scheme and the Post Listing Scheme was included in the Company's Listing document dated 23 November 2009 under the section "Appendix IV Statutory and General Information - D. Other Information - 1. Share Option Scheme".

Movements of the share options granted under the Share Option Scheme during the period ended 30 June 2010 are as follows:

Name or Category of participant	Balance as at 1 July 2009	Number of Shares in respect of Options Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors									
Tong Wang Chow	1,500,000	—	—	—	1,500,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	—
	1,500,000	—	—	—	1,500,000	15/10/2008	15/10/2009 - 2/8/2015	GBP0.139	—
	—	850,000	—	—	850,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Tong Hung Wai, Tommy	550,000	—	—	—	550,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	—
	600,000	—	—	—	600,000	15/10/2008	15/10/2009 - 2/8/2015	GBP0.139	—
	—	750,000	—	—	750,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Cheung Wai Sun	450,000	—	270,000	—	180,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	HKD5.38
	600,000	—	120,000	—	480,000	15/10/2008	15/10/2009 - 2/8/2015	GBP0.139	HKD5.38
	—	750,000	—	—	750,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Pang Yi	1,350,000	—	—	—	1,350,000	3/8/2005	3/8/2006 - 2/8/2015	GBP0.112	—
	1,200,000	—	—	—	1,200,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	—
	1,200,000	—	—	—	1,200,000	15/10/2008	15/10/2009 - 2/8/2015	GBP0.139	—
	—	3,400,000	—	—	3,400,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Sung Chi Keung	1,080,000	—	360,000	—	720,000	3/8/2005	3/8/2006 - 2/8/2015	GBP0.112	HKD6.57
	1,000,000	—	—	—	1,000,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	—
	1,200,000	—	240,000	—	960,000	15/10/2008	15/10/2009 - 2/8/2015	GBP0.139	HKD6.57
	—	2,000,000	—	—	2,000,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—

Name or Category of participant	Number of Shares in respect of Options Balance as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Nicholas Smith	—	500,000	—	—	500,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Ip Chi Ming	—	500,000	—	—	500,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Peregrine Moncreiffe	—	500,000	—	—	500,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Lui Ming Wah	—	500,000	—	—	500,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Yang Zhen Han	—	500,000	—	—	500,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Ma Chiu Cheung	—	500,000	—	—	500,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
Employees:									
In aggregate	7,080,000	—	1,470,000	—	5,610,000	3/8/2005	3/8/2006 - 2/8/2015	GBP0.112	HKD6.79
	7,438,000	—	1,284,000	—	6,154,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	HKD6.57
	3,530,000	—	—	—	3,530,000	14/9/2007	14/9/2008 - 2/8/2015	GBP0.2425	—
	20,510,000	—	2,362,000	—	18,148,000	15/10/2008	15/10/2009 - 2/8/2015	GBP0.139	HKD6.78
	—	19,250,000	—	—	19,250,000	27/5/2010	27/5/2011 - 26/5/2018	HKD5.68	—
	50,788,000	30,000,000	6,106,000	—	74,682,000				

Movements of the share options granted under the Share Option Scheme during the period ended 30 June 2009 are as follows:

	Number of Shares in respect of Options								
Name or Category of participant	Balance as at 1 July 2008	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2009	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors									
Tong Wang Chow	1,500,000	—	—	—	1,500,000	27/7/2006	27/7/2007 - 26/7/2014	GBP0.2045	—
	—	1,500,000	—	—	1,500,000	15/10/2008	15/10/2009 – 2/8/2015	GBP0.139	—
Tong Hung Wai, Tommy	550,000	—	—	—	550,000	27/7/2006	27/7/2007 – 26/7/2014	GBP0.2045	—
	—	600,000	—	—	600,000	15/10/2008	15/10/2009 – 2/8/2015	GBP0.139	—
Cheung Wai Sun	450,000	—	—	—	450,000	27/7/2006	27/7/2007 – 26/7/2014	GBP0.2045	—
	—	600,000	—	—	600,000	15/10/2008	15/10/2009 – 2/8/2015	GBP0.139	—
Pang Yi	1,350,000	—	—	—	1,350,000	3/8/2005	3/8/2006 – 2/8/2015	GBP0.112	—
	1,200,000	—	—	—	1,200,000	27/7/2006	27/7/2007 – 26/7/2014	GBP0.2045	—
	—	1,200,000	—	—	1,200,000	15/10/2008	15/10/2009 – 2/8/2015	GBP0.139	—
Sung Chi Keung	1,080,000	—	—	—	1,080,000	3/8/2005	3/8/2006 – 2/8/2015	GBP0.112	—
	1,000,000	—	—	—	1,000,000	27/7/2006	27/7/2007 – 26/7/2014	GBP0.2045	—
	—	1,200,000	—	—	1,200,000	15/10/2008	15/10/2009 – 2/8/2015	GBP0.139	—
Employees: In aggregate	7,080,000	—	—	—	7,080,000	3/8/2005	3/8/2006 – 2/8/2015	GBP0.112	—
	7,438,000	—	—	—	7,438,000	27/7/2006	27/7/2007 – 26/7/2014	GBP0.2045	—
	3,530,000	—	—	—	3,530,000	14/9/2007	14/9/2008 – 2/8/2015	GBP0.2425	—
	—	20,510,000	—	—	20,510,000	15/10/2008	15/10/2009 – 2/8/2015	GBP0.139	—
	25,178,000	25,610,000	—	—	50,788,000				

Other than as disclosed above, no other share option was granted, cancelled, lapsed or exercised pursuant to the Share Option Scheme and Post Listing Scheme of the Company during the year ended 30 June 2010.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float as required under the Listing Rules as at the date of this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST 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 or at any time during the financial year, 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.

DIRECTOR' INTEREST IN COMPETING BUSINESS

During the financial year ended 30 June 2010, non of the Directors were interested in any business which competes or was likely to compete directly or indirectly, which the Company's business.

CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the ordinary course of business are provided under Note 28a to the Financial Statements. The transactions stated below constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

On 17 November 2009, the Company and Fujian Chaoda Group entered into an organic fertilisers supply agreement ("Fertilisers Supply Agreement"), pursuant to which Fujian Chaoda Group agreed to supply (or procure its wholly-owned subsidiaries to supply) and the Company agreed to purchase (or procure its wholly-owned subsidiaries to purchase) biological organic fertilisers and high efficiency organic fertilisers (or such other types of organic fertilisers as may be agreed between the parties in writing from time to time) from time to time at a price to be agreed between the parties at the time when a purchase order is placed by any member of the Group with Fujian Chaoda Group, provided that it shall not exceed the ex-factory price (net of delivery costs) at which the same type of organic fertilisers is supplied by Fujian Chaoda Group to Independent Third Parties at the time when the purchase order is placed, for a period of three years commencing from 1 July 2009 and ending on 30 June 2012.

Fujian Chaoda Group is a limited liability company established in the PRC, which is owned as to 95% by Mr. Kwok Ho. Mr. Kwok is a director of Lucky Team Biotech Development (Hepu) Limited, Litian Biological Sciences & Technology Development (Xinfeng) Company Limited and Newasia Global Limited and hence is a Connected Person of the Company under the Listing Rules.

For the year ended 30 June 2010, the annual total purchase of the organic fertilisers made by the Group amounted to RMB47,430,000 (2009: RMB47,330,000) which was within the applicable annual cap of RMB67,542,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customer accounted for approximately 27.01% of the Group's total sales for the year and sales to the Group's largest customer amounting to approximately 9.14%.

Purchases from the Group's five largest suppliers accounted for approximately 63.07% to the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 19.10%.

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 year.

COMMUNICATIONS WITH SHAREHOLDERS

The Board attaches great importance to maintaining good relationships with its shareholders. Extensive information about the Company's activities is included in the annual and interim reports, which will be sent to all shareholders. Market sensitive information is regularly released to all shareholders concurrently in accordance with AIM rules. The annual general meeting will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. Corporate website (www.asian-citrus.com) where information on the Company will regularly updated and all announcements will be posted.

The executives of the Company meet regularly with institutional investors, fund managers and analysts, as part of an active investor-relations program to discuss long-term issues and receive feedback.

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 36 to 42 of this annual report.

POST-BALANCE SHEET EVENTS

Details of significant post-balance sheet events are provided in Note 29 to the Financial Statements.

AUDITOR

The financial statements were audited by Baker Tilly Hong Kong Limited who will retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming general meeting to re-appoint Baker Tilly Hong Kong Limited as auditor and authorise the Board to fix the remuneration.

By order of the Board

Tong Wang Chow
Director

12 October 2010

Cheung Wai Sun
Director

12 October 2010

CORPORATE GOVERNANCE REPORT

The information set out on pages 36 to 42 and information incorporated by reference constitutes the Corporate Governance Report of the Company.

During the year ended 30 June 2010, the Directors, where practicable, for an organisation of the Group's size and nature sought to comply with the Combined Code. The Combined Code is the key source of corporate governance recommendations for UK listed companies. It consists of principles of good governance covering the following areas: (i) Directors; (ii) Directors' remuneration; (iii) accountability and audit; (iv) relations with shareholders; and (v) institutional investors.

In connection with the listing of the Company on the HKEx in November 2009, the Company adopted the code provisions set out in the Code on Corporate Governance Practices ("CCG") contained in Appendix 14 to the Hong Kong Listing Rules as its additional code on corporate governance practices on 17 November 2009. The Company has complied with the CCG since its listing on the HKEx on 26 November 2009, except the deviation from provision A.2.1 as described below:

– Code Provision A.2.1.

  The roles of Chairman and Chief Executive Officer are performed by the same individual, Mr. Tong Wang Chow, and are not separated. The Board meets regularly to consider issues related to corporate matters affecting operations of the Group. The Board considers the structure will not impair the balance of power and authority of the Board and the Company's management and thus, the Board believes this structure will enable effective planning and implementation of corporate strategies and decisions.

THE BOARD

The Board meets regularly and the Directors receive information between meetings about the activities of the Group. All Directors have full and timely access to all relevant information of the Group. In addition to the meetings of the Board, the senior management also communicates frequently to review and discuss the daily operation of the Group.

BOARD COMPOSITION

The Board is comprised of five Executive Directors, two Non-Executive Directors and four Independent Non-Executive Directors. Each of the Executive Directors has a wealth of agricultural experience and the Non-Executive Directors have a wealth of experience in finance and corporate development. The Directors are satisfied that the composition of the Board meets the Code's objective of ensuring checks and balances in the Company's management.

RESPONSIBILITIES OF THE BOARD

The Board formulates the long term strategies of the Group and is responsible for leading the Group in the areas of management, businesses, 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, preparation of financial statements, compliance 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

During the year ended 30 June 2010, there were 11 Board Meetings held by the Company. The attendance records of the Director are shown on the table below:

Director	**Number of Board Meetings attended**
Mr. Tong Wang Chow	11 out of 11
Mr. Tong Hung Wai, Tommy	11 out of 11
Mr. Cheung Wai Sun	11 out of 11
Mr. Pang Yi	11 out of 11
Mr. Sung Chi Keung	11 out of 11
Mr. Ip Chi Ming	9 out of 11
Mr. Ma Chiu Cheung, Andrew	10 out of 11
Dr. Lui Ming Wah, SBS JP	10 out of 11
Mr. Yang Zhen Han	11 out of 11
Mr. Nicholas Smith	10 out of 11
Hon Peregrine Moncreiffe	10 out of 11

All Directors have access to the advice and services of the Company's solicitors and the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rule 3.10(1) of the Hong Kong Listing Rules, there are four independent non-executive Directors more than one-third of the Board. Among the four independent non-executive Directors, one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Hong Kong Listing Rules. The Company has received from each of its independent non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company, based on such confirmations, considers Mr. Ma Chiu Cheung, Andrew, Dr. Lui Ming Wal, Mr. Yang Zhen Han and Mr. Nicholas Smith independent.

RETIREMENT BY ROTATION

In accordance with Bye-laws 88(1) of the Company's Bye-laws, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

This year, in accordance with the Company's Bye laws, Mr. Yang Zhen Han, Mr. Ma Chiu Cheung, Andrew, Mr. Pang Yi and Mr. Nicholas Smith will retire at the forthcoming annual general meeting of the Company and all of them, being eligible, offer themselves for reelection.

BOARD COMMITTEES

The Board has formally established a number of committees and agreed upon their terms of reference. The committees are:

REMUNERATION COMMITTEE

The remuneration committee reviews the scale and structure of the executive Directors' remuneration and terms of their service agreements. It also administers the share option plan. The remuneration committee is chaired by Mr. Nicholas Smith and comprises Mr. Ma Chiu Cheung, Andrew and Mr. Tong Wang Chow.

The Group's remuneration policy provides competitive rewards for its Executive Directors and senior executives. The policy takes into account the Group's performance, the individual performance, and the prevailing remuneration packages of the markets in which the Group operates. The committee aims to attract, retain and motivate high caliber individuals with competitive remuneration packages.

The remuneration package provides a balance between fixed and variable rewards. Therefore, remuneration packages for Directors and senior executives normally include basic salary, discretionary bonuses, benefits and share options.

Salaries and benefits are reviewed annually and are set to reflect the responsibilities, knowledge, skill and experience of the individual.

CONTRACTS OF SERVICE

The following Executive Directors have entered into service agreements with the Company, details of which are set out below:

Executive Director	Title	Date of service agreement	Remuneration per annum
Mr. Tong Wang Chow	Chairman and Chief Executive Officer	17 November 2009	HKD1,560,000
Mr. Tong Hung Wai, Tommy	Executive Director	17 November 2009	HKD858,000
Mr. Cheung Wai Sun	Executive Director	17 November 2009	HKD715,000
Mr. Pang Yi	Executive Director	17 November 2009	HKD910,000
Mr. Sung Chi Keung	Finance Director	17 November 2009	HKD1,040,000

The following Non-Executive Directors have entered into letters of appointment in connection with services to be provided to the Company, details of which are set out below:

Non-Executive Director	Date of appointment letter	Term (years)	Fee per annum
Mr. Ip Chi Ming	17 November 2009	3	HKD600,000
Hon Peregrine Moncreiffe	17 November 2009	3	HKD240,000
Independent Non-Executive Directors			
Mr. Ma Chiu Cheung, Andrew	17 November 2009	3	GBP31,000
Dr. Lui Ming Wah, SBS JP	17 November 2009	3	HKD240,000
Mr. Yang Zhen Han	17 November 2009	3	HKD240,000
Mr. Nicholas Smith	17 November 2009	3	GBP31,000

EMOLUMENTS OF DIRECTORS

The emoluments of Directors serving during the year ended 30 June 2010 are disclosed below:

	Salaries, bonus and benefits From 1 July 2009 to 30 June 2010 RMB'000
Executive Directors	
Mr. Tong Wang Chow	1,926
Mr. Tong Hung Wai, Tommy	1,074
Mr. Cheung Wai Sun	887
Mr. Pang Yi	1,585
Mr. Sung Chi Keung	1,539
Non-Executive Directors	
Mr. Ip Chi Ming	587
Hon Peregrine Moncreiffe	263
Independent Non-Executive Directors	
Mr. Ma Chiu Cheung, Andrew	381
Dr. Lui Ming Wah, SBS JP	263
Mr. Yang Zhen Han	263
Mr. Nicholas Smith	381

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

Details of the share option scheme are shown in the pages of 30 to 32 of this annual report.

Nomination Committee

The Directors do not consider that, given the size of the Group and stage of its development, it is necessary to have a Nomination Committee, however, this will be kept under regular review by the Board.

Audit Committee

The audit committee has primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the auditors relating to the annual and interim accounts, and monitoring the accounting and internal control systems in use throughout the Group. The audit committee is chaired by Mr. Ma Chiu Cheung, Andrew and comprises Mr. Nicholas Smith and Mr. Yang Zhenhan.

AUDITOR'S REMUNERATION

For the year ended 30 June 2010, the remuneration in respect of audit services and non-audit service assignment provided by the auditor of the Company, Baker Tilly Hong Kong Limited, amounted to RMB1,319,000 and RMBNil respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 June 2010, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors must keep proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Group and the Company. The Directors must ensure that the financial statements comply with applicable laws and follow International Financial Reporting Standards. The Directors must also safeguard the assets of the Group and the Company, and take reasonable steps to prevent and detect fraud or other irregularities.

The reporting responsibility of the external auditor of the Company on the financial statements of the Company for the year ended 30 June 2010 are set out in the Independent Auditor's Report.

RELATIONS WITH SHAREHOLDERS

The Company's executive Directors meet regularly with institutional investors, fund managers and analysts, as part of an active investor-relations program to discuss long-term issues and receive feedback.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Since the Company was formed, the Directors are satisfied that, given the current size and activities of the Company, adequate internal controls have been established. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

The internal control consultant, Deloitte Touche Tohmatsu has conducted independent review on specific areas of the internal control system of the Group and submitted their report to the Audit Committee and the Board. No significant weaknesses in internal controls were found during their review.

CODE FOR DIRECTORS' DEALINGS

The Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM and takes all reasonable steps to ensure compliance by the Directors and any relevant employees. The form of this code is substantially the same as that set out in Appendix 10 of the Hong Kong Listing Rules.

In connection with the listing of the Company on the HKEx in November 2009, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Hong Kong Listing Rules as its own code of conduct regarding securities transactions by the Directors on 17 November 2009. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the year under review.

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
天職香港會計師事務所有限公司

12th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
香港干諾道中168-200號信德中心招商局大厦12樓

TO THE SHAREHOLDERS OF ASIAN CITRUS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the accompanying financial statements of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 45 to 100, which comprise the consolidated and company balance sheets as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 30 June 2010, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 12 October 2010

Chan Kwan Ho, Edmond
Practising certificate number P02092

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 RMB'000	2009 RMB'000
Revenue	6	**812,482**	668,529
Net gain on change in fair value of biological assets	15	**306,000**	210,631
Inventories used	8	**(289,572)**	(222,917)
Staff costs	8, 10	**(56,626)**	(49,382)
Amortisation	8	**(3,644)**	(4,557)
Depreciation	8	**(63,181)**	(57,141)
Other operating expenses	8	**(119,902)**	(102,726)
Profit from operations	8	**585,557**	442,437
Interest income		**1,845**	2,105
Finance costs		**(81)**	(12)
Net finance income		**1,764**	2,093
Share of loss of associates		**—**	(368)
Impairment loss on interests in associates	18	**—**	(1,896)
Profit before income tax		**587,321**	442,266
Income tax expense	9	**(1,854)**	(2,205)
Profit and total comprehensive income for the year attributable to shareholders of the Company		**585,467**	440,061
		RMB	*RMB*
Earnings per share	11		
– Basic		**0.741**	0.581
– Diluted		**0.735**	0.581

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2010

	Note	**2010**	2009
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	12	**1,161,437**	1,083,758
Land use rights	13	**54,841**	56,085
Construction-in-progress	14	**64,328**	79,021
Biological assets	15	**1,449,565**	1,142,025
Deferred development costs	16	**36,800**	30,700
Interests in associates	18	**—**	—
		2,766,971	2,391,589
Current assets			
Biological assets	15	**90,221**	54,638
Properties for sale	19	**18,497**	34,111
Inventories	20	**841**	639
Trade and other receivables	21	**19,629**	14,901
Cash and cash equivalents	23	**975,074**	461,241
		1,104,262	565,530
Total assets		**3,871,233**	2,957,119
EQUITY AND LIABILITIES			
Equity			
Share capital	24(c)	**8,767**	8,028
Reserves		**3,810,687**	2,897,295
		3,819,454	2,905,323
Current liabilities			
Trade and other payables	26	**44,391**	48,735
Due to related parties	26, 28(b)	**7,110**	2,754
Income tax payable	22(a)	**278**	307
		51,779	51,796
Total equity and liabilities		**3,871,233**	2,957,119
Net current assets		**1,052,483**	513,734
Total assets less current liabilities		**3,819,454**	2,905,323

Approved and authorised to issue by the Board of Directors on 12 October 2010

Tong Wang Chow
Director

Cheung Wai Sun
Director

The accompanying notes form part of these financial statements.

COMPANY BALANCE SHEET

AT 30 JUNE 2010

	Note	**2010** *RMB'000*	2009 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,134**	2,397
Interests in subsidiaries	17	**868,335**	653,969
		870,469	656,366
Current assets			
Deposits and prepayments		**—**	2,781
Cash and cash equivalents	23	**93,608**	17,066
		93,608	19,847
Total assets		**964,077**	676,213
EQUITY AND LIABILITIES			
Equity			
Share capital	24(c)	**8,767**	8,028
Reserves	24(a)	**953,342**	666,595
		962,109	674,623
Current liabilities			
Other payables		**1,968**	1,590
Total equity and liabilities		**964,077**	676,213
Net current assets		**91,640**	18,257
Total assets less current liabilities		**962,109**	674,623

Approved and authorised to issue by the Board of Directors on 12 October 2010

Tong Wang Chow
Director

Cheung Wai Sun
Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Share capital RMB'000	Share premium RMB'000 (note (a))	Merger reserve RMB'000 (note (b))	Share option reserve RMB'000 (note (c))	Capital reserve RMB'000 (note (d))	Statutory reserve RMB'000 (note (e))	Retained profits RMB'000	Total RMB'000
At 1 July 2008		7,785	491,586	(4,473)	12,999	482,519	—	1,478,868	2,469,284
Total comprehensive income for the year		—	—	—	—	—	—	440,061	440,061
Issue of shares to shareholders participating in the scrip dividend		243	46,267	—	—	—	—	—	46,510
Share-based payments		—	—	—	8,954	—	—	—	8,954
2007/08 final dividend		—	—	—	—	—	—	(59,486)	(59,486)
Appropriation to statutory reserve		—	—	—	—	—	40,327	(40,327)	—
At 30 June 2009		8,028	537,853	(4,473)	21,953	482,519	40,327	1,819,116	2,905,323
Total comprehensive income for the year		—	—	—	—	—	—	585,467	585,467
Issue of shares to shareholders participating in the scrip dividend	24(c)(ii)	72	41,361	—	—	—	—	—	41,433
Issue of shares upon exercises of share options	25(A)(b)	55	17,139	—	(7,056)	—	—	—	10,138
Issue of shares on placement	24(c)(iii)	612	327,763	—	—	—	—	—	328,375
Share-based payments		—	—	—	10,363	—	—	—	10,363
2008/09 final dividend	24(b)	—	—	—	—	—	—	(61,645)	(61,645)
Appropriation to statutory reserve		—	—	—	—	—	3,889	(3,889)	—
		739	386,263	—	3,307	—	3,889	519,933	914,131
At 30 June 2010		**8,767**	**924,116**	**(4,473)**	**25,260**	**482,519**	**44,216**	**2,339,049**	**3,819,454**

Notes:

a) The application of the share premium account is governed by the Companies Act of Bermuda.

b) The merger reserve represents the excess of the value of the net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the group reorganisation on 29 June 2005 in preparation for the admission of the Company's shares to AIM of the London Stock Exchange (the "Reorganisation").

c) The share option reserve represents the fair value of the unexercised share options recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii).

d) The capital reserve represents amounts due to shareholders capitalised upon the Reorganisation.

e) The statutory reserve represents the appropriation of 10% of profit after taxation (after offsetting prior year losses) determined based on the accounting standards and regulations of the People's Republic of China (the "PRC") as required by the relevant PRC rules and regulations and the Articles of Association of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of that PRC subsidiary's registered capital.

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Profit before income tax		**587,321**	442,266
Adjustments for:			
Interest income		**(1,845)**	(2,105)
Finance costs		**81**	12
Depreciation	8	**68,492**	61,406
Share-based payments	10	**10,363**	8,954
Amortisation of land use rights	8	**1,244**	1,157
Amortisation of deferred development costs	8	**2,400**	3,400
Net gain on change in fair value of biological assets	15	**(306,000)**	(210,631)
Loss on disposal of property, plant and equipment	8	**—**	480
Write off of biological assets	8	**—**	42
Share of loss of associates		**—**	368
Impairment loss on interests in associates		**—**	1,896
Operating profit before working capital changes		**362,056**	307,245
Movements in working capital elements:			
Properties for sale		**19,656**	20,194
Inventories		**(202)**	848
Biological assets		**(35,583)**	(37,851)
Trade and other receivables		**(4,728)**	(4,145)
Trade and other payables		**(4,344)**	(7,431)
Due to related parties		**4,356**	954
Cash generated from operations		**341,211**	279,814
Income tax paid		**(1,883)**	(825)
Net cash generated from operating activities		**339,328**	278,989
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,698)**	(8,596)
Proceeds from disposal of property, plant and equipment		**—**	594
Additions to construction-in-progress		**(133,822)**	(97,040)
Net addition to biological assets		**(1,540)**	(227)
Additions to deferred development costs		**(8,500)**	(11,500)
Interest received		**1,845**	2,105
Net cash used in investing activities		**(143,715)**	(114,664)

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	**2010** ***RMB'000***	2009 *RMB'000*
Cash flows from financing activities			
Advance to an associate		**—**	(48)
Proceeds from issue of new shares from placement		**328,375**	—
Proceeds from issue of new shares upon exercise of share options		**10,138**	—
Dividend paid		**(20,212)**	(12,976)
Finance costs paid		**(81)**	(12)
Net cash generated from/(used in) financing activities		**318,220**	(13,036)
Net increase in cash and cash equivalents		**513,833**	151,289
Cash and cash equivalents at beginning of year		**461,241**	309,952
Cash and cash equivalents at end of year	23	**975,074**	461,241

Non-cash transactions

During the year ended 30 June 2009, additions to land use rights of RMB9,141,000 were credited to trade and other receivables as the consideration has been paid in the prior year.

The accompanying notes form part of these financial statements.

1 GENERAL INFORMATION

Asian Citrus Holdings Limited (the "Company") was incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on the Main Board of the Stock Exchange Hong Kong Limited (the "HKEx"), AIM of the London Stock Exchange and PLUS Markets plc.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, Bermuda HM11. The address of its principal place of business is Rooms 1109-1112, Wayson Commercial Building, 28 Connaught Road West, Hong Kong.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are planting, cultivation and sale of agricultural produce, and developing and sale of property units in an agricultural wholesale market and orange processing centre.

The directors regard Tong Wang Chow and his family through its direct shareholding in Market Ahead Investments Limited, a company incorporated in the British Virgin Islands ("BVI"), as being the ultimate controlling party of the Company as at 30 June 2010.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which comprise International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations ("IFRIC"), issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEx and the AIM Rules.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Basis of preparation of the financial statements

These financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Group, rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

c) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June each year. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases. Intra-group transactions, balances and unrealised profits on transactions between group entities are eliminated.

In the Company's balance sheet, investments in subsidiaries are stated at cost less allowance for impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

An investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost and adjusted thereafter for the post-acquisition change in Group's share of the associates' net assets and any impairment loss relating to the investment.

The Group's share of its associates' post-acquisition, post-tax results and any impairment loss for the year are recognised in the consolidated income statement, whereas the Group's share of the associates' post-acquisition, post-tax items of comprehensive income is recognised in the consolidated statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)).

Depreciation of property, plant and equipment is calculated, using the straight-line basis, to write off the cost of each asset less residual value over its estimated useful life on the following principal annual rates:

Buildings	2.22% to 3.57%
Leasehold improvements	3.33%
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Farmland infrastructure and machinery	2% to 20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when the cost of the item can be measured reliably and it is probable that future economic benefits will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Land use rights

The up-front payments made for the land use rights are amortised to profit or loss using the straight-line basis over the terms of the leases.

g) Construction-in-progress

Construction-in-progress is stated at cost less impairment losses (see note 2(m)(ii)), and represents infrastructure and land improvements under construction. The cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Depreciation commences when the relevant assets are available for use.

h) Biological assets

A biological asset is defined as a living plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

The fair values of orange tree biological assets are based on the present value of expected net cash flows from the orange trees discounted at a current market-determined pre-tax rate (the "Valuation Methodology").

Infant trees and immature seedlings purchased from the open market which are to undergo the process of transformation until they become mature and productive are also stated at fair value less costs to sell. The fair values are based on market-determined prices of infant trees and immature seedlings with similar size, species and age or alternative estimates of fair values. Management reviews the progress of infant trees and immature seedlings on an ongoing basis and should these be deemed to be unsuitable for further cultivation, full provision for impairment loss is made at that time.

In the absence of an active open market, self-bred saplings are stated at cost at the balance sheet date and will be transferred to the category of infant trees upon planting at their carrying value.

A gain or loss arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell is recognised in profit or loss in the period in which it arises.

Agricultural produce harvested from the Group's biological assets is measured at its fair value less costs to sell. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value.

Biological assets that are expected to be realised in the next harvest within twelve months have been classified under current assets.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Properties for sale

Properties under development for sale are stated at cost less impairment losses (see note 2(m)(ii)). Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. On completion, the properties are reclassified to completed properties for sale at the carrying amount.

Completed properties for sale are stated at the lower of cost and net realisable value. Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. Net realisable value is determined by reference to sales proceeds received after the balance sheet date less selling expenses, or by estimates based on prevailing market condition.

j) Inventories

Inventories comprising agricultural materials, consumables and packaging materials are stated at the lower of cost and net realisable value and are calculated on the first-in, first-out basis. Net realisable value is based on anticipated sales proceeds less estimated selling expenses.

k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(m)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

l) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would not be material, in which case they are stated at cost.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Impairment

i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

ii) Non-financial assets

The carrying amounts of the non-financial assets, other than inventories (see note 2(j)) and deferred tax assets (see note 2(t)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

o) Revenue recognition

Sales of agricultural products, including oranges and self-bred saplings, are recognised on the transfer of ownership, which coincides with the time of delivery of the agricultural products.

Sales of properties are recognised upon the execution of a binding sale agreement or upon the issue of a real estate title certificate by the relevant government authorities, whichever is the later, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are carried in the balance sheet under trade and other payables.

Interest income is recognised as it accrues using the effective interest method.

p) Operating leases

Leases of assets, including cultivation bases, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are changed to profit or loss on a straight-line basis over the lease term.

q) Research and development costs

Research costs are charged to profit or loss in the year in which they are incurred. Development costs are expensed as incurred, except where a specific project is undertaken where the technical feasibility of the product under development has been demonstrated, costs are identifiable and a market exists for the product such that the development costs are recoverable from related future economic benefits. Such development costs are recognised as deferred development costs in the balance sheet and amortised, once the development project is completed, on a straight-line basis over a period of five years to reflect the pattern in which the related economic benefits are recognised. Deferred development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(m)(ii)).

r) Translation of foreign currencies

Transactions in foreign currencies are translated into RMB using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated into RMB at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Employee benefits

i) Short-term employee benefits and contributions to defined contributions retirement plans

Salaries, wages, annual bonuses, paid annual leave and contributions to defined contributions retirement plans are accrued in the year in which the associated services are rendered by employees of the Group.

The Group operates a mandatory provident fund scheme in Hong Kong for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. This scheme is a defined contribution retirement scheme administered by independent trustee. In addition, the subsidiaries in the PRC are required to participate in the defined contribution retirement schemes operated by the relevant government authorities for employees in the PRC and make contributions to the retirement schemes at certain rates of the basic salary of its employees in the PRC. Contributions to all these schemes are charged to profit or loss when incurred.

ii) Share-based payments

The Company operates an equity-settled, share-based compensation plan. The cost of share options is charged to profit or loss and the corresponding amount is recognised in the share option reserve under equity. Where the employees or directors are required to meet vesting conditions before they become entitled to the share options or shares, the Company recognises the fair value, determined at the grant date, of the share options or shares granted as an expense on a straight-line basis over the vesting period. If the employees or directors choose to exercise share options, the respective amount in the share option reserve is transferred to share capital and share premium, together with exercise price, net of any directly attributable transaction costs. At each balance sheet date, the Company revises its estimates of the number of share options expected to vest. The impact of the revision of original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to the share option reserve over the remaining vesting period.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

t) Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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 events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

v) Related parties

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 the Group's parent, or a 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 an 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IAS 1 (revised 2007) "Presentation of Financial Statements"
- IFRS 3 (Revised 2008) "Business Combinations"
- IFRS 8 "Operating Segments"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- Improvements to IFRSs (2008)
- Amendments to IAS 27 "Consolidated and Separate Financial Statements"
- Amendments to IFRS 7 "Financial instruments: Disclosures" – Improving Disclosures about Financial Instruments

With exception for IAS 1 (revised 2007), the new or amendments to IFRSs and Interpretations above have had no material impact on the Group's results of operations and financial position, or do not contain any additional disclosure requirements specifically applicable to these financial statements.

As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in these statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

Up to the date of approval of these financial statements, the IASB has issued the following amendments, new standards and Interpretations which are not yet effective for the year ended 30 June 2010 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
• Improvements to IFRSs (2009)	1 January 2010
• Amendments to IFRS 2 "Share-based Payment - Group Cash-settled Share-based Payment Transactions"	1 January 2010
• Improvements to IFRSs (2010)	1 July 2010 or 1 January 2011
• IAS 24 (Revised 2009) "Related Party Disclosures"	1 January 2011
• IFRS 9 "Financial Instruments"	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the Group's results of operations and financial position.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

Management had made the following estimates and assumptions in the process of applying the Group's accounting policies, which are described in note 2, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities as discussed below.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Fair values of biological assets

Management estimates the fair value of biological assets less costs to sell at the balance sheet date with reference to market prices and professional valuations. Management considers that there is presently an absence of effective financial instruments for hedging against the pricing risks with the underlying agricultural produce. Unexpected volatility in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement changes in future accounting periods.

The Group's business is subject to the usual agricultural hazards from fire, wind, insects and other natural disasters. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place. Nevertheless, unexpected factors affecting harvestable agricultural produce may result in re-measurement or changes in harvests in future accounting periods.

5 FINANCIAL RISK MANAGEMENT

Except as disclosed elsewhere in the financial statements, the Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Categories of financial instruments

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	**994,703**	476,142	**971,754**	690,231
Financial liabilities				
Financial liabilities at amortised cost	**(51,501)**	(51,489)	**(33,040)**	(32,806)

b) Currency risk

The Group is exposed to currency risk primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars ("HKD"), United States dollars ("USD") and British pounds ("GBP").

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages its currency risk by closely monitoring the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

5 **FINANCIAL RISK MANAGEMENT** *(continued)*

b) **Currency risk** *(continued)*

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

Group

	Assets		Liabilities	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**319,660**	68,637	**1,134**	962
USD	**1,634**	541	**7**	—
GBP	**6,135**	3,746	**827**	629

Company

	Assets		Liabilities	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**963,987**	685,945	**1,134**	962
USD	**1,632**	539	**7**	—
GBP	**6,134**	3,746	**827**	629

5 FINANCIAL RISK MANAGEMENT *(continued)*

b) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after income tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group and the Company have significant exposure at the balance sheet date.

Group

	2010			2009		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after income tax and retained profits** *RMB'000*	**Effect on other components of equity** *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*
HKD	**10%**	**31,701**	**—**	10%	6,767	—
	(10%)	**(31,701)**	**—**	(10%)	(6,767)	—
GBP	**10%**	**531**	**—**	10%	312	—
	(10%)	**(531)**	**—**	(10%)	(312)	—

Company

	2010			2009		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after income tax and retained profits** *RMB'000*	**Effect on other components of equity** *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*
HKD	**10%**	**96,285**	**—**	10%	68,498	—
	(10%)	**(96,285)**	**—**	(10%)	(68,498)	—
GBP	**10%**	**531**	**—**	10%	312	—
	(10%)	**(531)**	**—**	(10%)	(312)	—

5 **FINANCIAL RISK MANAGEMENT** *(continued)*

b) Currency risk *(continued)*

(ii) Sensitivity analysis *(continued)*

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for the financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit after income tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the balance sheet date for presentation purpose. The analysis is performed on the same basis for 2009.

c) Credit risk

The Group's maximum exposure to credit risk is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

The credit risk on cash and cash equivalents is limited because the counterparties are major banks located in the PRC and Hong Kong, which management believes are of high credit quality.

In order to minimise the credit risk on trade receivables, the Group has policies in place to ensure that sales are made to customers with appropriate credit history or in cash. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

5 FINANCIAL RISK MANAGEMENT *(continued)*

d) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and development and to mitigate the effect of fluctuations in cash flows.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

Group

2010	**Carrying amount** *RMB'000*	**Total contractual undiscounted cash flow** *RMB'000*	**Less than 1 year** *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Between 2 and 5 years** *RMB'000*	**Over 5 years** *RMB'000*
Trade and other payables	**44,391**	**44,391**	**43,641**	**—**	**—**	**750**
Due to a related party	**7,110**	**7,110**	**7,110**	**—**	**—**	**—**
Total	**51,501**	**51,501**	**50,751**	**—**	**—**	**750**

2009	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*
Trade and other payables	48,735	48,735	47,885	100	—	750
Due to a related party	2,754	2,754	2,754	—	—	—
Total	51,489	51,489	50,639	100	—	750

5 FINANCIAL RISK MANAGEMENT *(continued)*

d) Liquidity risk *(continued)*

Company

2010	**Carrying amount** *RMB'000*	**Total contractual undiscounted cash flow** *RMB'000*	**Less than 1 year** *RMB'000*
Other payables	**1,968**	**1,968**	**1,968**
Due to a subsidiary	**31,072**	**31,072**	**31,072**
	33,040	**33,040**	**33,040**

2009	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Less than 1 year *RMB'000*
Other payables	1,590	1,590	1,590
Due to a subsidiary	31,216	31,216	31,216
	32,806	32,806	32,806

e) Interest rate risk

The Group's interest rate risk primarily arises from short term bank deposits. The Group's interest income is dependent on changes in market interest rates. A reasonably possible change of 100 basis profits in interest rates would have no significant impact of the Group's profit for the year.

f) Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheets approximate their respective fair values.

6 REVENUE

Revenue recognised during the year is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Sales of oranges	**777,665**	634,945
Sales of properties	**27,761**	31,338
Sales of self-bred saplings	**7,056**	2,246
	812,482	668,529

7 SEGMENT INFORMATION

The Group manages its businesses by lines of business. For the purposes of resource allocation and performance assessment, the Group's most senior executive management is regularly presented with information on the two principal activities comprising the business of the Group, namely, the planting, cultivation and sale of agricultural produce, and developing and sale of propertiy units in an agricultural wholesale market and orange processing centre, both within the PRC.

Over 90% of the Group's revenue, expenses, assets, liabilities and capital expenditure is attributable to planting, cultivation and sales of agricultural produce. The balance is attributable to the development and sale of property units in an agricultural wholesale market and orange processing centre. Consequently, further segment information is not presented.

Details regarding the Group's revenue from agricultural produces and properties are disclosed in note 6.

No customer accounted for 10% or more of the total revenue for the year.

8 PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting) the following:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Inventories used		
- production	**231,899**	164,000
- general and administrative	**57,673**	58,917
	289,572	222,917
Staff costs		
- production	**30,980**	25,568
- selling and distribution	**1,325**	1,163
- general and administrative	**24,321**	22,651
	56,626	49,382
Amortisation		
- general and administrative	**3,644**	4,557
Depreciation		
- production	**51,291**	38,804
- general and administrative	**11,890**	18,337
	63,181	57,141
Other operating expenses		
- production	**29,935**	30,933
- selling and distribution	**44,177**	38,724
- general and administrative	**45,790**	33,069
	119,902	102,726

8 PROFIT FROM OPERATIONS *(continued)*

	Group	
	2010	2009
	RMB'000	*RMB'000*
Of which:		
Amortisation of land use rights	**1,244**	1,157
Amortisation of deferred development costs	**2,400**	3,400
Auditors' remuneration	**1,319**	1,450
Cost of agricultural products sold	**321,506**	235,601
Cost of properties sold	**20,337**	23,704
Depreciation of property, plant and equipment	**68,492**	61,406
Add: Realisation of depreciation previously capitalised as biological assets	**8,021**	3,756
Less: Amount capitalised as biological assets	**(13,332)**	(8,021)
	63,181	57,141
Exchange losses, net	**1,277**	747
Loss on disposal of property, plant and equipment	**—**	480
Operating lease expenses		
- plantation base	**7,410**	6,222
- office premises	**775**	967
Research and development costs	**5,795**	6,198
Write off of biological assets	**—**	42

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income tax in the consolidated statement of comprehensive income represents:

	Group	
	2010	2009
	RMB'000	*RMB'000*
PRC enterprise income tax ("EIT") (note (a))		
- Provision for the year	**1,041**	1,403
Land appreciation tax ("LAT") (note (b))		
- Provision for the year	**813**	802
	1,854	2,205

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

a) EIT

Pursuant to the PRC Enterprise Income Tax Law (the "New Tax Law") passed by the Tenth National People's Congress on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008.

According to Article 27 of the New Tax Law and Article 86(1) of the New Tax Law Implementation Rules, enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT. Accordingly, Lucky Team Biotech Development (Hepu) Limited ("Lucky Team (Hepu)"), Litian Biological Sciences & Technology Development (Xinfeng) Company Limited ("Litian (Xinfeng)") and Lucky Team (Hepu) Agriculture Development Limited ("Lucky Team Agriculture") are exempt from EIT from 1 January 2008.

b) LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenses including costs for land use rights and all property development expenses.

c) Hong Kong profits tax

No Hong Kong profits tax has been provided (2009: RMBnil) as the Group had no assessable profit arising in or derived from Hong Kong during the year.

d) PRC withholding income tax

Pursuant to the New Tax Law Implementation Rules, an overseas investor to a foreign investment company shall be liable for withholding income tax at 10% on the dividend derived from the profits of the PRC subsidiaries with effect from 1 January 2008 (the "post-2008 profits"). In addition, pursuant to the grandfathering arrangement in the Rules, dividends received by an overseas investor from its PRC subsidiaries in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. As at 30 June 2010, no deferred tax liability has been accrued for taxes that would be payable on the unremitted profits of the PRC subsidiaries' post-2008 profits as no dividend is expected to be declared from the PRC subsidiaries' post-2008 profits in the foreseeable future.

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

e) The actual tax expense can be reconciled to the profit before income tax in the consolidated statement of comprehensive income as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Profit before income tax	**587,321**	442,266
Notional tax at the rates applicable to the PRC operations	**156,586**	117,395
Tax effect of non-deductible expenses	**280**	233
Tax effect of non-taxable revenue	**(157,610)**	(118,858)
Tax effect of temporary differences not recognised for deferred tax purposes	**1,576**	2,482
LAT	**813**	802
Others	**209**	151
Actual tax expense	**1,854**	2,205

10 EMPLOYEES AND DIRECTORS

	Group	
	2010	2009
	RMB'000	*RMB'000*
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**45,632**	39,993
Share-based payments	**10,363**	8,954
Employee retirement benefits	**631**	435
	56,626	49,382

	Group	
	2010	2009
Average monthly number of people (including directors) employed:		
- production	**888**	842
- selling and distribution	**75**	70
- general and administrative	**193**	162
	1,156	1,074

10 EMPLOYEES AND DIRECTORS *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payments RMB'000	Retirement scheme contribution RMB'000	Group 2010 RMB'000	Group 2009 RMB'000
Directors' emoluments						
Executive Directors						
Tong Wang Chow	—	1,404	522	—	**1,926**	1,948
Tong Hung Wai	—	820	243	11	**1,074**	1,040
Cheung Wai Sun	—	644	232	11	**887**	847
Pang Yi	—	819	761	5	**1,585**	1,363
Sung Chi Keung	—	936	592	11	**1,539**	1,436
Non-executive Directors						
Ip Chi Ming	540	—	47	—	**587**	540
Ma Chiu Cheung	334	—	47	—	**381**	343
Lui Ming Wah	216	—	47	—	**263**	216
Yang Zhen Han	216	—	47	—	**263**	216
Nicholas Smith	334	—	47	—	**381**	343
Peregrine Moncreiffe	216	—	47	—	**263**	216
	1,856	4,623	2,632	38	**9,149**	8,508

The five highest paid individuals of the Group included four directors (2009: four), details of which are set out above. The emoluments in respect of the remaining highest paid individual are as follows:

	Group 2010 RMB'000	Group 2009 RMB'000
Salaries, wages and other benefits	**972**	972
Share-based payments	**283**	290
Employee retirement benefits	**11**	11
	1,266	1,273

11 EARNINGS PER SHARE

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

	Group	
	2010	2009
	RMB'000	*RMB'000*
Earnings		
Profit attributable to shareholders used in basic and diluted earnings per share calculation	**585,467**	440,061
Weighted average number of shares	***'000***	*'000*
Issued ordinary shares at beginning of year	**770,560**	743,570
Effect of shares issued to shareholders participating in the scrip dividend	**3,981**	13,458
Effect of shares issued upon exercise of share options	**2,881**	—
Effect of shares issued upon placement	**13,227**	—
Weighted average number of ordinary shares used in basic earnings per share calculation	**790,649**	757,028
Effect of dilutive potential shares in respect of share options	**5,673**	573
Weighted average number of ordinary shares used in diluted earnings per share calculation	**796,322**	757,601

The weighted average number of shares for the year ended 30 June 2009 for the purpose of calculating the basic and diluted earnings per share has been retrospectively adjusted for the one-to-ten share subdivision which took place on 2 November 2009.

12 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Farmland infrastructure and machinery *RMB'000*	Total *RMB'000*
Cost						
At 1 July 2008	10,101	3,062	3,388	5,842	1,120,144	1,142,537
Additions	24	—	228	1,541	6,803	8,596
Transfer from construction-in-progress (note 14)	4,061	—	33	—	134,393	138,487
Disposals	—	—	—	(1,373)	—	(1,373)
At 30 June 2009	14,186	3,062	3,649	6,010	1,261,340	1,288,247
Additions	—	—	640	224	834	1,698
Transfer from construction-in-progress (note 14)	24,798	—	4,198	—	119,519	148,515
Disposals	—	—	(8)	—	(4,603)	(4,611)
At 30 June 2010	**38,984**	**3,062**	**8,479**	**6,234**	**1,377,090**	**1,433,849**
Accumulated depreciation						
At 1 July 2008	1,724	518	1,287	1,649	138,204	143,382
Charge for the year	421	147	446	558	59,834	61,406
Written back on disposals	—	—	—	(299)	—	(299)
At 30 June 2009	2,145	665	1,733	1,908	198,038	204,489
Charge for the year	1,089	94	840	583	65,886	68,492
Written back on disposals	—	—	(8)	—	(561)	(569)
At 30 June 2010	**3,234**	**759**	**2,565**	**2,491**	**263,363**	**272,412**
Carrying amount						
At 30 June 2010	**35,750**	**2,303**	**5,914**	**3,743**	**1,113,727**	**1,161,437**
At 30 June 2009	12,041	2,397	1,916	4,102	1,063,302	1,083,758

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost			
At 1 July 2008	1,448	1,373	2,821
Additions	—	1,456	1,456
Disposals	—	(1,373)	(1,373)
At 30 June 2009	1,448	1,456	2,904
Additions	9	—	9
At 30 June 2010	1,457	1,456	2,913
Accumulated depreciation			
At 1 July 2008	309	240	549
Charge for the year	125	132	257
Written back on disposals	—	(299)	(299)
At 30 June 2009	434	73	507
Charge for the year	126	146	272
At 30 June 2010	560	219	779
Carrying amount			
At 30 June 2010	**897**	**1,237**	**2,134**
At 30 June 2009	1,014	1,383	2,397

13 LAND USE RIGHTS

	Group	
	2010	2009
	RMB'000	*RMB'000*
Cost		
At beginning of year	**61,653**	52,512
Additions	**—**	9,141
At end of year	**61,653**	61,653
Accumulated amortisation		
At beginning of year	**5,568**	4,411
Charge for the year	**1,244**	1,157
At end of year	**6,812**	5,568
Carrying amount	**54,841**	56,085

Land use rights represent the rights to use certain pieces of land which are located in the PRC, and are valid for a period of 50 years expiring in the years 2053 to 2056.

14 CONSTRUCTION-IN-PROGRESS

	Group	
	2010	2009
	RMB'000	*RMB'000*
At beginning of year	**79,021**	120,468
Additions	**133,822**	97,040
Transfer to property, plant and equipment (note 12)	**(148,515)**	(138,487)
At end of year	**64,328**	79,021

15 BIOLOGICAL ASSETS

Biological assets represent orange trees, infant trees and self-bred saplings. The role of the orange trees is to supply oranges through the processes of growth in each production cycle. The infant trees and self-bred saplings are held for transforming into orange trees. The biological assets can be summarised as follows:

Group

	Self-bred saplings *RMB'000*	**Infant trees** *RMB'000*	**Orange trees** *RMB'000*	**Total** *RMB'000*
At 1 July 2008	840	12,369	934,787	947,996
Additions	789	—	—	789
Sales of self-bred saplings	(562)	—	—	(562)
Intra transfer to infant trees	(203)	203	—	—
Intra transfer to orange trees	—	(4,369)	4,369	—
Written off	(42)	—	—	(42)
Net increase due to cultivation	—	—	37,851	37,851
Net change in fair value				
- Gain due to price, yield,maturity and cost changes	—	—	274,197	274,197
- Decrease due to replanting programme	—	—	(63,566)	(63,566)
	—	—	210,631	210,631
At 30 June 2009	822	8,203	1,187,638	1,196,663
Additions	3,801	—	—	3,801
Sales of self-bred saplings	(2,261)	—	—	(2,261)
Intra transfer to infant trees	(262)	262	—	—
Intra transfer to orange trees	—	(4,000)	4,000	—
Net increase due to cultivation	—	—	35,583	35,583
Net change in fair value				
- Gain due to price, yield,maturity and cost changes	—	—	350,538	350,538
- Decrease due to replanting programme	—	—	(44,538)	(44,538)
At 30 June 2010	**2,100**	**4,465**	**1,533,221**	**1,539,786**

15 BIOLOGICAL ASSETS *(continued)*

Represented by:

	Self-bred saplings *RMB'000*	Infant trees *RMB'000*	Orange trees *RMB'000*	**2010 Total** ***RMB'000***	2009 Total *RMB'000*
Non-current	2,100	4,465	1,443,000	**1,449,565**	1,142,025
Current	—	—	90,221	**90,221**	54,638
	2,100	4,465	1,533,221	**1,539,786**	1,196,663

The movements in biological assets can be summarised as follows:

	Self-bred saplings *Number*	**Infant trees** *Number*	**Orange trees** *Number*
At 1 July 2008	323,528	1,377,397	1,514,732
Additions	448,332	—	—
Sales of self-bred saplings	(224,600)	—	—
Intra transfer to infant trees	(81,261)	81,261	—
Intra transfer to orange trees	—	(446,077)	446,077
Written off	(16,698)	—	—
Decrease due to replanting programme	—	—	(81,261)
At 30 June 2009	449,301	1,012,581	1,879,548
Additions	2,167,807	—	—
Sales of self-bred saplings	(705,608)	—	—
Intra transfer to infant trees	(64,194)	64,194	—
Intra transfer to orange trees	—	(400,000)	400,000
Decrease due to replanting programme	—	—	(64,194)
At 30 June 2010	**1,847,036**	**676,775**	**2,215,354**

The replanting programme replaces existing species with more advanced and better quality species that have greater resistance to disease and produce a higher yield. During the year, 64,194 winter orange trees (2009: 81,261 summer orange trees) were removed and the corresponding land area was replanted with the same amount of new species.

The infant trees and self-bred saplings are undergoing biological transformation leading to them being able to produce oranges. Once the infant trees and self-bred saplings become mature and productive, they will be transferred to the category of orange trees.

The Valuation Methodology used to determine the fair value of orange trees less costs to sell is in compliance with both IAS 41, Agriculture, and the International Valuation Standards issued by the International Valuation Standards Council which aims to determine the fair value of a biological asset in its present location and condition.

15 BIOLOGICAL ASSETS *(continued)*

The fair value of orange trees less costs to sell is calculated by deducting the fair value of plantation-related machinery and equipment and land improvements from the fair value of the orange tree operation. In estimating the fair value of the orange trees, the following key assumptions were applied:

a) The market price variables, which represent the assumed market price for summer oranges and winter oranges produced by the Group. The valuation adopted the market sales prices prevailing as of the relevant balance sheet date for each type of orange produced by the Group as the sales price estimation. This estimation is in real terms without considering inflationary effect and planned future business activity that may impact the future prices of oranges from the Group's plantations.

b) The yield per tree variables, which represent the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per tree increases from age 3 to 8, remains stable for about 22 years, and then decreases until age 35.

c) The direct production cost variables, which represent the direct costs necessary to bring the oranges to their sale form. These mainly include raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested and cost information for comparable areas with regards to areas that have not been harvested previously.

d) The Capital Asset Pricing Model has been used to determine a discount rate of 19.8% (2009: 20.1%) to be applied to the orange tree operations.

e) Other key assumptions which have taken into account in valuing the Group's biological assets includes, among other things,

   i) cash flows are calculated from the current rotation of orange trees only, without taking into account the projected revenue or costs related to the re-establishment of new orange trees;

   ii) projected cash flows have not taken into account finance costs and taxation and were adopted based on real terms without considering inflationary effect;

   iii) as discounted cash flows are based on current orange prices, planned future business activities that may impact the future prices of oranges harvested from the Group's plantations are not considered; and

   iv) no allowance is made for cost improvements in future operations.

The land currently occupied by the Group is leased from third parties, and has no commercial value. With reference to the value of machinery and equipment and other assets (represented by improvements in structures and buildings, wind breakers, etc.), the total values of the assets involved as at 30 June 2010 for Hepu plantation and Xinfeng plantation are approximately RMB302 million (2009: RMB316 million) and RMB392 million (2009: RMB242 million) respectively.

15 BIOLOGICAL ASSETS *(continued)*

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

	2010		2009	
	Quantity	**Value**	Quantity	Value
	Tonnes	***RMB'000***	*Tonnes*	*RMB'000*
Oranges	**186,938**	**774,897**	152,059	622,634

The Group is exposed to a number of risks related to its orange plantations:

1) Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of oranges. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

3) Climate and other risks

The Group's orange plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The Group also insures itself against natural disasters such as floods and tropical storms.

16 DEFERRED DEVELOPMENT COSTS

	Group	
	2010	2009
	RMB'000	*RMB'000*
Cost		
At beginning of year	**43,500**	32,000
Additions	**8,500**	11,500
At end of year	**52,000**	43,500
Accumulated amortisation		
At beginning of year	**12,800**	9,400
Charge for the year	**2,400**	3,400
At end of year	**15,200**	12,800
Carrying amount	**36,800**	30,700
Represented by:		
Incomplete development projects	**30,000**	21,500
Completed development projects	**6,800**	9,200
	36,800	30,700
	Years	Years
Average remaining amortisation period for completed development projects	**2.8**	3.8

Deferred development costs represent expenditure incurred in developing techniques relating to the cultivation of orange trees, which will increase the productivity of the biological assets in future periods.

17 INTERESTS IN SUBSIDIARIES

	Company	
	2010	2009
	RMB'000	*RMB'000*
Unlisted investments, at cost	**5,300**	5,300
Capital contribution in respect of employee share-based payments	**15,961**	9,501
Due from subsidiaries	**878,146**	670,384
Due to a subsidiary	**(31,072)**	(31,216)
	868,335	653,969

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and not repayable within next 12 months.

Details of subsidiaries as at 30 June 2010 are as follows:

Name	Place of incorporation/ establishment	Place of operation	Particulars of issued and paid up capital	Percentage of equity interest attributable to the Group	Principal activities
Directly held:					
Newasia Global Limited	BVI	Hong Kong	100,100 ordinary shares of USD1 each	100%	Investment holding
Access Fortune Investments Limited	BVI	Hong Kong	1 ordinary share of USD1 each	100%	Investment holding
Raised Energy Investments Limited	BVI	Hong Kong	1 ordinary share of USD1 each	100%	Investment holding
Indirectly held:					
Lucky Team (Hepu)	PRC	PRC	Registered capital RMB80,000,000	100%	Planting, cultivation and sales of oranges

17 INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment	Place of operation	Particulars of issued and paid up capital	Percentage of equity interest attributable to the Group	Principal activities
Indirectly held: (continued)					
Litian (Xinfeng)	PRC	PRC	Registered capital USD15,000,000	100%	Planting, cultivation and sales of oranges
Asian Citrus Management Company Limited	BVI	Hong Kong	1 ordinary share of USD1 each	100%	Proprietor and licensor of the Group's intellectual property rights
Asian Citrus (H.K.) Company Limited	Hong Kong	PRC	1 ordinary share of HKD1 each	100%	General commercial and leasing of properties
Lucky Team Biotech Development (Zigui) Limited	PRC	PRC	Registered capital USD2,100,000	100%	Sourcing of oranges and development of nursery
Lucky Team Agriculture	PRC	PRC	Registered capital HKD28,000,000	100%	Development of nursery
Lucky Team (Ganzhou)	PRC	PRC	Registered capital USD10,000,000	100%	Development of orange processing centre
Lucky Team Real Estate (Yi Chang) Limited	PRC	PRC	Registered capital USD4,600,000	100%	Dormant
Lucky Team Biotech Development Yongzhou Limited	PRC	PRC	Registered capital USD10,000,000	100%	Planting, cultivation and sales of oranges

All entities established in the PRC are wholly foreign – owned enterprises.

18 INTERESTS IN ASSOCIATES

	Group	
	2010	2009
	RMB'000	*RMB'000*
Share of net liabilities	**(2,818)**	(2,818)
Due from an associate	**4,714**	4,714
	1,896	1,896
Impairment loss	**(1,896)**	(1,896)
	—	—

The amount due from an associate is unsecured, interest free and not repayable within next 12 months. The advances to that associate were primarily for the funding of operations.

The Group previously had two associated companies. Due to the cessation of business of associates, an impairment loss of RMB1,896,000 (2009: RMB1,896,000) was recognised in respect of the Group's interest in associates in previous year. During the year, the dissolution of Asian Fruits Trading (Dongguan) Limited was completed.

Details of the remaining associate as at 30 June 2010 are as follows:

Name	**Place of incorporation/ establishment**	**Percentage of equity interest attributable to the Group** *Indirect*	**Principal activities**
Asian Fruits Limited	BVI	46%	Dormant

Summarised financial information in respect of the Group's associate is set out below:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Total assets	**3,527**	3,830
Total liabilities	**(10,241)**	(9,957)
Revenue	**—**	—
Loss for the year	**(585)**	(799)

19 PROPERTIES FOR SALE

	Group	
	2010	2009
	RMB'000	*RMB'000*
Properties under development for sale	**4,062**	2,046
Completed properties for sale	**14,435**	32,065
	18,497	34,111

The analysis of carrying value of land use rights included in properties for sale is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
In PRC, held on leases between 10 to 50 years	**2,746**	6,285

The amount of properties for sale expected to be recovered after more than one year is RMB4,062,000 (2009: RMB2,046,000). The remaining properties for sale are expected to be recovered within one year.

20 INVENTORIES

	Group	
	2010	2009
	RMB'000	*RMB'000*
Agricultural materials	**735**	515
Packaging materials	**106**	124
	841	639

21 TRADE AND OTHER RECEIVABLES

	Group	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**2,515**	2,311
Other receivables, deposits and prepayments	**17,114**	12,590
	19,629	14,901

The amount of the Group's other receivables, deposits and prepayments expected to be recovered or recognised as an expense after more than one year is RMB11,092,000 (2009: RMB6,085,000). All of the other trade and other receivables are expected to be recovered or recognised as an expense within one year.

Trade receivables at the balance sheet date are mainly receivables from the sales of properties which are due for settlement in accordance with the terms of the related sale and purchase agreements.

The ageing analysis of trade receivables is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,348**	1,544
Less than 1 month past due	**116**	493
1 to 3 months past due	**—**	274
3 to 6 months past due	**—**	—
6 to 12 months past due	**506**	—
Over 1 year past due	**545**	—
Amounts past due	**1,167**	767
	2,515	2,311

Included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB1,167,000 (2009: RMB767,000) which are past due at the balance sheet date and for which the Group has not provided for any impairment loss because the Group holds collateral over these balances.

22 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Income tax payable/(recoverable) at beginning of year	**307**	(1,073)
Provision for PRC EIT (note 9)	**1,041**	1,403
Provision for LAT (note 9)	**813**	802
Tax paid	**(1,883)**	(825)
Income tax payable at end of year	**278**	307

(b) At 30 June 2010, the Group has not recognised deferred tax assets in respect of certain deductible temporary differences of RMB24,675,000 (2009: RMB18,373,000) because of uncertainty over availability of future taxable profits against which the Group can utilise the benefits in the relevant tax jurisdiction.

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Short-term bank deposits	**302,568**	55,893	**85,624**	10,454
Cash at bank and on hand	**672,506**	405,348	**7,984**	6,612
	975,074	461,241	**93,608**	17,066

Included in the cash and cash equivalents of the Group as at 30 June 2010 is an amount of approximately RMB647,750,000 (2009: RMB391,203,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for terms ranging from one week to one month (2009: ranging from one week to three months) depending on the immediate cash requirements of the Group.

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Company			
	Note	Share premium *RMB'000*	Share option reserve *RMB'000*	(Accumulated losses)/ Retained profits *RMB'000*	Total *RMB'000*
At 1 July 2008		504,547	12,999	(27,147)	490,399
Total comprehensive income for the year		—	—	180,461	180,461
Issue of shares to shareholders participating in the scrip dividend		46,267	—	—	46,267
Share-based payments		—	8,954	—	8,954
2007/08 final dividend		—	—	(59,486)	(59,486)
At 30 June 2009		550,814	21,953	93,828	666,595
Total comprehensive income for the year		—	—	(41,178)	(41,178)
Issue of shares to shareholders participating in the scrip dividend	24(c)(ii)	41,361	—	—	41,361
Issue of shares upon exercises of share options	25(A)(b)	17,139	(7,056)	—	10,083
Issue of shares on placement	24(c)(iii)	327,763	—	—	327,763
Share-based payments		—	10,363	—	10,363
2008/09 final dividend	24(b)	—	—	(61,645)	(61,645)
At 30 June 2010		937,077	25,260	(8,995)	953,342

(b) Dividends

	Group	
	2010 ***RMB'000***	2009 *RMB'000*
Proposed final dividend of RMB0.10 and special dividend of RMB0.02 (2009: RMB0.08 and nil respectively) per ordinary share	**103,359**	61,645

The proposed final dividend and special dividend is not recognised as a liability as at 30 June 2010 as it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

A final dividend of RMB0.08 per ordinary share for the year ended 30 June 2009 was paid on 31 December 2009.

24 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Share capital

	Note	Company Number of shares	HK$'000	RMB'000
Authorised:				
Ordinary shares of HK$0.10 each				
At 1 July 2008 and 30 June 2009		200,000,000	20,000	20,900
Ordinary shares of HK$0.01 each				
At 30 June 2010	(i)	2,000,000,000	20,000	20,900
Issued and fully paid:				
At 1 July 2008		74,356,958	7,435	7,785
Issue of shares to shareholders participating in the scrip dividend		2,699,022	270	243
At 30 June 2009		77,055,980	7,705	8,028
Effect of subdivision of shares	(i)	693,503,820	—	—
Issue of shares to shareholders participating in the scrip dividend	(ii)	7,984,294	80	72
Issue of shares upon exercise of share options (see note 25(A)(b))		6,106,000	61	55
Issue of shares on placement	(iii)	68,000,000	680	612
At 30 June 2010		852,650,094	8,526	8,767

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally in regard to the Company's residual assets.

24 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Share capital *(continued)*

Notes:

(i) Pursuant to a resolution of the shareholders passed on 2 November 2009, the Company's issued and unissued shares of HK$0.10 each were subdivided into ten shares of HK$0.01 each. Following this share subdivision, the authorised share capital of the Company is HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each, of which 770,559,800 shares were in issue and fully paid. The shares after the share subdivision rank pari passu in all respects with each other.

(ii) On 31 December 2009, 7,984,294 new shares of HK$0.01 each were issued at the price of £0.4495 per share to shareholders participating in the scrip dividend.

(iii) On 21 April 2010, Huge Market Investments Limited ("Huge Market"), a substantial shareholder of the Company, entered into a placing and subscription agreement with placing agents and the Company where 95,000,000 ordinary shares in the Company were placed at a price of HK$5.70 per share, and Huge Market would subscribe 68,000,000 new shares in the Company at the same price of HK$5.70 per share. The proceeds from the subscription, net of the costs and expenses borne by the Company in connection to the placement arrangement, of approximately RMB328.4 million are mainly intended to finance the proposed acquisition of a citrus fruit plantation located in the PRC, further details of which are stated in the Company's announcement dated 21 April 2010. The subscription was completed on 23 April 2010.

(iv) The ordinary shares issued during the year rank pari passu in all respects with the ordinary shares already in issue.

(d) Capital management

The Group manages its capital to ensure that the Group has sufficient liquidity to support the operation and development while maximising the value of shareholders. The Group's overall strategy remains unchanged from the prior year.

The Group's major internal cash resource is its cash and cash equivalents. The Group did not have any outstanding bank borrowings as at 30 June 2010 and 2009.

Management of the Group reviews its capital structure periodically by assessing budgets of major projects taking into account the provision of funding. The Group is not subject to externally imposed capital requirements.

25 SHARE-BASED PAYMENTS

(A) Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 29 June 2005 for the purpose of providing incentives or rewards to directors and full-time employees of the Group. Under the Share Option Scheme, the directors of the Company may grant options to directors and full-time employees of the Group to subscribe for shares in the Company at a price equal to the higher of: (i) average middle-market quotations of the shares as stated in the AIM Daily Official List on the dealing day immediately preceding the date of grant of the options; or (ii) the average middle-market quotations of the shares as stated in the AIM Daily Official List for the three dealing days immediately preceding the date of grant of the options; or (iii) the nominal value of shares.

An option will not normally be exercisable before the expiry of one year from the date of grant of the option. The exercise period for the share options granted is determinable by the directors of the Company and should not expire later than 10 years from the date of grant. No consideration is payable by the grantee upon acceptance of the grant of an option under the Share Option Scheme.

With the listing of the Company's shares on the HKEx on 26 November 2009, the Share Option Scheme terminated. No further options may be granted under the Share Option Scheme after such termination. The provisions of the Share Option Scheme will continue to apply to options granted before such termination.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options	Expiry date
Options granted to directors:				
– on 25 July 2005	2,700,000	(i)	10 years	2 August 2015
– on 27 July 2006	4,700,000	(ii)	8 years	26 July 2014
– on 15 October 2008	5,100,000	(ii)	7 years	2 August 2015
Options granted to employees:				
– on 25 July 2005	8,850,000	(i)	10 years	2 August 2015
– on 27 July 2006	7,780,000	(ii)	8 years	26 July 2014
– on 14 September 2007	3,530,000	(ii)	8 years	2 August 2015
– on 15 October 2008	20,510,000	(ii)	7 years	2 August 2015
Total share options granted	53,170,000			

25 SHARE-BASED PAYMENTS *(continued)*

(A) Share Option Scheme *(continued)*

(a) The terms and conditions of the grants are as follows *(continued)*:

Notes:

(i) become exercisable annually at the rate of 10% over 10 years, subject to continuing employment

(ii) become exercisable annually at the rate of 20% over 5 years, subject to continuing employment

(b) Details of the outstanding share options are as follows:

	2010		2009	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding at beginning of year	**50,788,000**	**£0.157**	25,178,000	£0.175
Granted during the year	**—**	**N/A**	25,610,000	£0.139
Exercised during the year	**(6,106,000)**	**£0.148**	—	N/A
Outstanding at end of year	**44,682,000**	**£0.158**	50,788,000	£0.157
Exercisable at end of year	**10,154,000**	**£0.187**	6,781,000	£0.189

The numbers of share options for the movements and the weighted average exercise prices in year ended 30 June 2009 have been retrospectively adjusted for the one-to-ten share subdivision which took place on 2 November 2009 (see note 24(c)(i)).

On 21 December 2009, 710,000, 1,284,000 and 902,000 new ordinary shares of HK$0.01 each were issued at an exercise price of £0.112, £0.2045 and £0.139 per share, respectively, upon exercises of a total of 2,896,000 share options.

On 14 January 2010, 1,120,000 and 1,700,000 new ordinary shares of HK$0.01 each were issued at an exercise price of £0.112 and £0.139 per share, respectively, upon exercises of a total of 2,820,000 share options.

On 6 May 2010, 270,000 and 120,000 new ordinary shares of HK$0.01 each were issued at an exercise price of £0.2045 and £0.139 per share, respectively, upon exercises of a total of 390,000 share options.

The options outstanding at the end of the year have a weighted average remaining contractual life of 5 years (2009: 6 years) and exercise prices ranging from £0.112 to £0.2425 (2009: £0.112 to £0.2425).

25 SHARE-BASED PAYMENTS *(continued)*

(A) Share Option Scheme *(continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

The inputs into the model were as follows:

Grant date	**25 July 2005**	**27 July 2006**	**14 September 2007**	**15 October 2008**
Spot price	£0.112	£0.208	£0.2435	£0.1465
Expected life (years)	10	8	8	6.8
Exercise price	£0.112	£0.2045	£0.2425	£0.139
Expected volatility	43%	42%	41%	42%
Risk-free interest rate	4.39%	4.61%	4.91%	4.53%
Dividend yield	0%	0%	1.8%	1.8%

The spot prices and exercise prices set out in the above table have been retrospectively adjusted for the one-to-ten share subdivision which took place on 2 November 2009 (see note 24(c)(i)).

The expected volatility is based on the historical volatility of the Company's share price on AIM and it is assumed the volatility is constant throughout the option life.

(B) Post Listing Share Option Scheme

Pursuant to a resolution of the shareholders on 2 November 2009, a new share option scheme ("Post Listing Scheme") was adopted and will expire on the tenth anniversary of the date on which the Post Listing Scheme becomes unconditional upon fulfillment of certain conditions. The Post Listing Scheme has taken effect upon the commencement of dealings of the Company's shares on the HKEx on 26 November 2009. Under the Post Listing Scheme, the directors of the Company may grant options to the directors and full time employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group to subscribe for shares in the Company at a price no less than the greatest of: (i) the closing price of the shares as stated in the daily quotations sheet issued by the HKEx on the date of grant, which must be a business day; or (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the HKEx for the five business days immediately preceding the date of grant; or (iii) the nominal value of the shares.

An option will not normally be exercisable before the expiry of one year from the date of grant of the option. The exercise period for the share options granted is determinable by the directors of the Company and should not expire later than 10 years from the date of grant. No consideration is payable by the grantee upon acceptance of the grant of option under the Post Listing Scheme.

The total number of shares of the Company issued and to be issued upon exercise of the options under the Post Listing Scheme and any other share option scheme of the Company must not, in aggregate, exceed 77,055,980 shares.

25 SHARE-BASED PAYMENTS *(continued)*

(B) Post Listing Share Option Scheme *(continued)*

(a) The terms and conditions of the grant are as follows:

	Number of instruments	**Vesting conditions**	**Contractual life of options**	**Expiry date**
Options granted to directors:				
– on 27 May 2010	10,750,000	(i)	8 years	26 May 2018
Options granted to employees:				
– on 27 May 2010	19,250,000	(i)	8 years	26 May 2018
Total share options granted	30,000,000			

Notes:

(i) 30%, 30% and 40% of the options become exercisable after the first, second and third anniversary from the date of grant respectively, subject to continuing employment.

(b) Details of the outstanding share options are as follows:

	2010		2009	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding at beginning of year	**—**	**N/A**	—	N/A
Granted during the year	**30,000,000**	**HK$5.68**	—	N/A
Exercised during the year	**—**	**N/A**	—	N/A
Outstanding at end of year	**30,000,000**	**HK$5.68**	—	N/A
Exercisable at end of year	**—**	**N/A**	—	N/A

The options outstanding at the end of the year have a weighted average remaining contractual life of 8 years (2009: N/A) and exercise price was set at HK$5.68.

25 SHARE-BASED PAYMENTS *(continued)*

(B) Post Listing Share Option Scheme *(continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes Option Pricing Model, taking into the account the terms and conditions upon which the options were granted.

The inputs into the model were as follows:

Grant date	27 May 2010
Spot price	HK$5.50
Expected life (years)	4.5 to 5.5
Exercise price	HK$5.68
Expected volatility	45.88% to 47.19%
Risk-free interest rate	1.393% to 1.668%
Dividend yield	1.8%

As the Company has a short history of volatility in the HKex, the expected volatility is based on the historical volatility of the Company's share price on AIM and it is assumed the volatility is constant throughout the option life.

26 TRADE AND OTHER PAYABLES

	Group	
	2010	2009
	RMB'000	*RMB'000*
Trade payables	**19,478**	14,786
Other payables and accruals	**24,913**	33,949
	44,391	48,735

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

26 TRADE AND OTHER PAYABLES *(continued)*

The ageing analysis of trade payables including amount due to a related party, by due date is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Due within 3 months or on demand	**26,442**	17,232
Due after 3 months but within 6 months	**51**	297
Due after 6 months but within 1 year	**95**	—
Due over 1 year	**—**	11
	26,588	17,540
Represented by:		
Trade payables	**19,478**	14,786
Amount due to a related party	**7,110**	2,754
	26,588	17,540

27 COMMITMENTS

a) Operating lease commitments

At 30 June 2010, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Within 1 year	**7,786**	5,957
After 1 year but within 5 years	**25,300**	24,732
After 5 years	**302,180**	272,395
	335,266	303,084

Operating lease payments represent rental payable by the Group for certain of its office premises and land on which the plantations are situated. The leases of the plantations are negotiated for a term of 50 years expiring from 2050 to 2059.

27 COMMITMENTS

b) Capital and other commitments

At 30 June 2010, the Group had the following capital and other commitments:

	Group 2010 RMB'000	Group 2009 RMB'000
Contracted but not provided for		
Construction-in-progress	**84,466**	26,678
Research and development	**6,600**	15,100
	91,066	41,778

28 RELATED PARTY TRANSACTIONS

a) Except as disclosed elsewhere in the financial statements, the Group had the following significant related party transactions during the year:

	Group 2010 RMB'000	Group 2009 RMB'000
Purchases of organic fertilisers from:		
Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited ("Zhangzhou Chaoda")	**29,388**	35,220
Weizhou Chaoda Microbe Organic Fertiliser Company Limited ("Weizhou Chaoda")	**18,042**	12,110
	47,430	47,330
Operating lease expenses paid to:		
Alpha Best Limited	**507**	406

Zhangzhou Chaoda and Weizhou Chaoda are related parties of the Group by virtue of Mr. Kwok Ho's interest. The entire registered capital of Zhangzhou Chaoda and Weizhou Chaoda is indirectly held by Mr. Kwok Ho, a director of Lucky Team (Hepu) and a substantial shareholder in Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"). Chaoda is in turn the holding company of Huge Market, a substantial shareholder of the Company. The purchases from Zhangzhou Chaoda and Weizhou Chaoda were charged at prices and terms comparable with those charged to and contracted with independent third parties.

Alpha Best Limited is related to the Group by virtue of Mr. Tong Wang Chow's interest in their share capital.

28 RELATED PARTY TRANSACTIONS *(continued)*

b) At 30 June 2010, the Group had the following amounts due to related parties, which were trade in nature:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Weizhou Chaoda	**—**	2,754
Zhangzhou Chaoda	**7,110**	—
	7,110	2,754

c) Remuneration of key management personnel

	Group	
	2010	2009
	RMB'000	*RMB'000*
Short-term employee benefits	**8,333**	7,857
Share-based payments	**4,462**	3,394
Post-employment benefits	**69**	50
	12,864	11,301

Total remuneration is included in "staff costs" (note 8).

29 POST BALANCE SHEET EVENTS

On 11 October 2010, the Group entered into a conditional sale and purchase agreement to acquire the entire equity interest in BPG Food & Beverage Holdings Ltd. ("BPG Food & Beverage") for a total consideration of HK$2,040.7 million, to be satisfied in cash of HK$780 million by way of execution of 6 deeds of payment undertaking and by the allotment and issue of 164,153,646 shares in the Company at an issue price of HK$7.68 per share. BPG Food & Beverage, through its wholly-owned subsidiaries, holds a total of 92.94% equity interest in 北海市果香園果汁有限公司(Beihai Perfuming Garden Juice Company Limited, "Beihai BPG"). Beihai BPG together with its subsidiaries is principally engaged in producing and selling tropical fruit juice concentrates in the PRC. Details of this acquisition are set out in the Company's announcement dated 11 October 2010.

On 12 October 2010, the directors proposed final and special dividend. Further detalls are set out in note 24(b).

FIVE YEAR FINANCIAL SUMMARY

	Years ended 30 June				
	2010	2009	2008	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**812,482**	668,259	533,755	479,728	404,566
Net gain on changes in fair value of biological assets	**306,000**	210,630	165,000	133,172	115,000
Profit before income tax	**587,321**	442,266	367,741	373,985	308,863
Income tax expense	**(1,854)**	(2,205)	31,552	(55,280)	(50,937)
Profit for the year	**585,467**	440,061	399,293	318,705	257,926
Non-current assets	**2,766,971**	2,391,589	2,123,749	1,785,525	1,506,245
Property, plant and equipment	**1,161,437**	1,083,758	999,155	812,491	538,907
Biological assets	**1,449,565**	1,196,663	947,996	773,199	628,206
Current assets	**1,104,262**	565,530	403,501	422,178	130,044
Total assets	**3,871,233**	2,957,119	2,527,250	2,207,703	1,636,289
Non-current liabilities	**—**	—	—	47,559	76,919
Current liabilities	**51,779**	51,796	57,966	51,661	53,721
Capital and reserves	**3,819,454**	2,905,323	2,469,284	2,108,483	1,505,649

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