1. BASIS OF PREPARATION

The principal activity of the Company is investment holding.

The principal activities and other particulars of the subsidiaries are set out in note 36 to the financial statements.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPS")

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants ("HKSA"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The financial statements are prepared under the historical cost convention.

The Group has adopted the following new or revised SSAPs issued by the HKSA which became effective during the current financial year:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 33	:	Discontinuing operations
SSAP 34 (Revised)	:	Employee benefits

The adoption of these SSAPs has resulted in a change in the format of the presentation of the consolidated cash flow statement and the consolidated statement of changes in equity, but has not had any significant impact on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Unless otherwise stated, the 2002 comparative figures presented herein have incorporated the effect of the adjustments, where applicable, resulting from the adoption of the new accounting standards above.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries for the year ended 30 June 2003. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or to the date of their acquisition or disposal, as appropriate.

All material intercompany transactions and balances are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the sales proceeds and the Group's share of its net assets together with any goodwill or capital reserves which was not previously charged or recognised in the consolidated income statement.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Subsidiaries

A subsidiary, is an enterprise in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital, or controls the composition of its board of directors.

Interests in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

(c) Associates

An associate is a company in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group.

The interest in an associate is accounted for in the consolidated balance sheet under the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate.

The results of the associate is accounted for in the consolidated income statement to the extent of the Group's share of associate's results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries:

— for acquisitions before 1 January 2001, positive goodwill is eliminated against reserves and is reduced by impairment losses; and

— for acquisitions on or after 1 January 2001, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses.

In respect of acquisitions of associates, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses is included in the carrying amount of the interest in associates.

Negative goodwill arising on acquisitions of controlled subsidiaries and associates represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for as follows:

— for acquisitions before 1 January 2001, negative goodwill is credited to a capital reserve; and

— for acquisitions on or after 1 January 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Goodwill *(Continued)*

In respect of any negative goodwill not yet recognised in the consolidated income statement:

— for controlled subsidiaries, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill; and

— for associates, such negative goodwill is included in the carrying amount of the interests in associates.

On disposal of a controlled subsidiary or an associate during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

(e) Intangible Assets (Other than Goodwill)

(i) Research and development costs

Research costs are charged to the income statement in the year in which they are incurred.

Development costs are expensed as incurred, except where a specific project is undertaken, 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 expected to be recoverable from related future economic benefits. Such development costs are recognised as deferred development costs in the balance sheet and amortised on a straight-line basis over a period of not more than 5 years from the date the product is available for sale. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(ii) Computer software development cost

Generally, costs associated with developing or maintaining computer software programmes are expensed as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Intangible Assets (Other than Goodwill) *(Continued)*

(ii) Computer software development cost (Continued)

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets is amortised using the straight-line method over their useful lives, not exceeding a period of 3 years.

(iii) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

(f) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	10% to 50%
Land and building	$3\frac{1}{3}$%
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Farmland infrastructure	5% to 20%
Computer equipment	20%
Orchard	5% to 10%
Intermediate life plants	20%

Intermediate life plants are perennial plants which have growth cycles more than one year.

Cultivation costs during the development period of the orchard and intermediate life plants are capitalised until the commencement of commercial production following which the accumulated costs are depreciated over their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Fixed Assets and Depreciation *(Continued)*

Major costs incurred in restoring fixed assets to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(g) Impairment

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, or are amortised over more than 20 years from the date when the asset is available for use or goodwill that is amortised over 20 years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment *(Continued)*

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(h) Construction-In-Progress

Construction-in-progress is stated at cost. Cost comprises all direct and indirect cost of construction. Construction-in-progress is transferred to fixed assets and depreciation commences when construction is completed and the asset is put into use.

(i) Long-Term Prepaid Rentals

Long-term prepaid rentals under operating leases are recognised at cost and amortised on a straight-line basis over the period of the respective leases.

(j) Deferred Expenditure

Deferred expenditure is recognised at cost and amortised on a straight-line basis over five years.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits which can be reasonably estimated will be required to settle such obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(m) Revenue Recognition

(i) Revenue from the sales of crops, livestock, ancillary food products, export trading and supermarkets chain operation are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(n) Translation of Foreign Currencies

Foreign currency transactions during the year are translated into Renminbi at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates ruling at the balance sheet date. Foreign currency assets, being equity investments or other long-term non-monetary assets, the holding or use or the subsequent disposal of which will generate receipts in a foreign currency, hedged by foreign currency borrowings, are translated into Renminbi at the exchange rates ruling at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Translation of Foreign Currencies *(Continued)*

Exchange gains and losses are dealt with in the income statement, except those arising from the translation at closing rates of foreign currency assets hedged by foreign currency borrowings, and the gains and losses on those foreign currency borrowings (to the extent of exchange differences arising on the foreign currency assets), which are taken directly to reserves.

The results of foreign enterprises are translated into Renminbi at the average exchange rates for the year; balance sheet items are translated into Renminbi at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

(o) Employee Benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognised as an expense.

(iii) The Group has joined a retirement scheme organised by the Provincial Government of Fujian for its PRC eligible employees and is required to contribute 22.2% of the eligible employees' basic salaries to the scheme.

(iv) The Group operates a share option scheme where directors, employees and specified participants are granted with options to acquire shares of the Company at specified exercise prices.

(p) Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Inventories *(Continued)*

Costs of growing crops, including seeds, fertilisers, pesticides, plant growth regulators, labour and indirect overheads, are accumulated until the time of harvest. Indirect overheads common to various products, including rentals of farmland, depreciation of farmland infrastructure, land preparation, irrigation and indirect labour, are allocated to products based on production areas.

Costs of livestock are calculated on a weighted average basis and comprises initial purchase cost and breeding cost.

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

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

(q) Trade Receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

(r) Cash And Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(s) Deferred Taxation

Deferred taxation is accounted for under the liability method in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability or asset is expected with reasonable probability to crystallise in the foreseeable future. Deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern by benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(u) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(v) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Segment Reporting *(Continued)*

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

4. TURNOVER

The Group is principally engaged in the growing and sales of crops, breeding and sales of livestock, sales of ancillary food products, export trading and supermarkets chain operation.

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

	2003	2002
	RMB'000	*RMB'000*
Sales of crops	**1,358,393**	1,128,253
Sales of livestock	**24,557**	21,356
Sales of ancillary food products	**2,264**	2,524
Export trading	**20,123**	—
Supermarkets chain operation	**79,970**	—
	1,485,307	1,152,133

5. OTHER REVENUE

	2003	2002
	RMB'000	*RMB'000*
		(Restated)
Amortisation of negative goodwill	**8,136**	8,136
Interest income	**16,930**	19,202
Sundry income from supermarkets	**3,227**	—
Others	**1,795**	1,096
	30,088	28,434

6. SEGMENT INFORMATION

Analysis of business segment results for the year ended 30 June 2003

	Growing and sales of crops RMB'000	Breeding and sales of livestock RMB'000	Sales of ancillary food products RMB'000	Export trading RMB'000	Supermarkets chain operation RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Sales to external customers	1,363,164	24,557	2,264	20,123	79,970	(4,771)	1,485,307
Cost of sales	(399,895)	(4,088)	(1,588)	(18,763)	(71,954)	4,771	(491,517)
Gross profit	963,269	20,469	676	1,360	8,016	—	993,790
Unallocated items:							
Other revenue							30,088
Selling and distribution expenses							(139,767)
General and administrative expenses							(94,003)
Research expenses							(53,170)
Other operating expenses							(33,369)
Profit from operations							703,569
Finance costs							(15,345)
Share of profits less losses of associates							37,803
Profit from ordinary activities before taxation							726,027
Taxation							(2,838)
Profit from ordinary activities after taxation							723,189
Minority interests							1,945
Profit attributable to shareholders							725,134

Inter-segment revenue represents the sales of fruits & vegetables from the crops segment to the supermarket segment. Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods.

6. SEGMENT INFORMATION *(Continued)*

Analysis of business segment results for the year ended 30 June 2002

	Growing and sales of crops *RMB'000*	Breeding and sales of livestock *RMB'000*	Sales of ancillary food products *RMB'000*	Total *RMB'000* (Restated)
Sales to external customers	1,128,253	21,356	2,524	1,152,133
Cost of sales	(292,305)	(5,982)	(1,889)	(300,176)
Gross profit	835,948	15,374	635	851,957
Unallocated items:				
Other revenue				28,434
Selling and distribution expenses				(104,134)
General and administrative expenses				(56,334)
Research expenses				(46,000)
Other operating expenses				(9,142)
Profit from operations				664,781
Finance costs				(6,028)
Share of profits less losses of associates				19,080
Profit from ordinary activities before taxation				677,833
Taxation				(55,959)
Profit from ordinary activities after taxation				621,874
Minority interests				50
Profit attributable to shareholders				621,924

Growing and sales of crops is the Group's primary business segment. The turnover, operating profit and total assets attributable to this business segment accounted for over 90% of the Group's consolidated totals for the years ended 30 June 2003 and 2002. Consequently, no further segment information by business activity is presented.

6. SEGMENT INFORMATION *(Continued)*

The Group's operations are primarily in the People's Republic of China (the "PRC") and the Group's sales, gross profit and total assets attributable to other geographical areas are less than 5% of the Group's corresponding consolidated totals for the years ended 30 June 2003 and 2002. Consequently, no segment information by geographical area is presented.

7. OTHER OPERATING EXPENSES

	2003	2002
	RMB'000	*RMB'000*
Expenses incurred for idle farmlands and maintenance	**23,823**	8,503
Natural loss of growing crops	**2,367**	15
Loss on disposal of fixed assets	**5,366**	—
Others	**1,813**	624
	33,369	9,142

8. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after (crediting)/charging:

(a) Finance costs

	2003	2002
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**10,749**	3,092
Bank charges	**4,596**	2,936
	15,345	6,028

8. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION *(Continued)*

(b) Staff costs

	2003	2002
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**133,254**	100,317
Retirement benefits costs	**1,655**	645
	134,909	100,962

(c) Other items

	2003	2002
	RMB'000	*RMB'000*
Amortisation of negative goodwill	**(8,136)**	(8,136)
Auditors' remuneration		
— Current year	**4,155**	2,446
— Under-provision in prior year	**1,269**	—
Depreciation of owned fixed assets (net of amount capitalised in inventories)	**52,971**	17,589
Operating lease expenses		
— land and buildings	**50,127**	35,529
— motor vehicles	**575**	431
Amortisation of computer software development cost	**19,591**	—
Amortisation of deferred development costs	**3,150**	2,461
Amortisation of long-term prepaid rentals (net of amount capitalised in inventories)	**9,078**	6,303
Amortisation of deferred expenditure	**1,652**	—
Research expenses	**53,170**	46,000
Loss on disposal of fixed assets	**5,366**	—

9. TAXATION

The amount of taxation charged to the consolidated income statement represents:

	Note	2003 RMB'000	2002 RMB'000
PRC income tax	(i)	—	54,483
Hong Kong profits tax	(ii)	—	—
		—	54,483
Share of taxation attributable to an associate	(iii)	2,838	1,476
		2,838	55,959

(i) Fuzhou Chaoda Modern Agriculture Development Company Limited ("Fuzhou Chaoda"), the Group's principal subsidiary, was awarded as "State-Level Agricultural Leading Enterprise" of the nation by the central government of the PRC in December 2002. According to the circular Nong Jing Fa [2000] No. 8 and No. 10 jointly issued by Agricultural Ministry, State Development Planning Commission, State Economic & Trade Commission, Ministry of Finance, Ministry of Foreign Trade & Economic Cooperation, People's Bank of China, State Administration of Taxation and Securities Regulatory Commission, domestic PRC State-Level Agricultural Leading Enterprises are entitled to certain tax benefits including full exemption of income tax. These tax benefits will also be applied to other PRC subsidiaries comprising the Group.

(ii) No provision for Hong Kong profits tax has been made as there is no estimated assessable profits (2002: Nil) for the Company and its subsidiaries operating in Hong Kong during the year.

(iii) It represents the share of PRC income tax charged on the assessable profits of Lucky Team Biotech Development (Hepu) Limited ("Hepu"), a wholly owned subsidiary of the Group's 49% owned associate.

Hepu is a Foreign Investment Enterprise ("FIE") and operates in Guangxi Province, the PRC. The preferential foreign enterprise income tax rate for productive FIEs in this region is 15% up to the year 2010 in accordance with the policy in relation to promoting the economic development of Central and Western China. Hepu is entitled to FIE Tax Holidays in accordance with the relevant tax rules and regulations applicable to FIE in the PRC and the 2 years tax exemption period has been lapsed during the year ended 30th June 2002. Accordingly, Hepu has been subject to a reduced income tax rate of 7.5% for a tax reduction period of 3 years.

9. TAXATION *(continued)*

(iv) No deferred tax has been recognised in the financial statements as there has been no material timing differences for tax purposes.

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of RMB155,891,000 (2002: RMB9,197,000) which has been dealt with in the financial statements of the Company.

11. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to shareholders of RMB725,134,000 (2002: 621,924,000) and the weighted average number of 1,916,769,000 (2002: 1,793,753,000) ordinary shares in issue during the year.

There was no significant potential dilutive ordinary shares in existence for the years ended 30 June 2003 and 2002, therefore, no diluted earnings per share was presented.

12. DIVIDENDS

	2003		2002	
	RMB per share	***RMB'000***	*RMB per share*	*RMB'000*
Final dividend proposed of HK$0.0349 (2002: HK$0.090) per ordinary share	**0.037**	**70,857**	0.095	182,490

At a meeting held on 21 October 2003, the directors proposed a final dividend of HK$0.0349 (equivalent to RMB0.037) per ordinary share and to grant bonus issue of shares of HK$0.1 each, on the basis of one share for every twenty shares held by the shareholders whose names appear on the register of shareholder of the Company on 19 December 2003.

Both dividends and issue of bonus shares are subject to the approval by the shareholders in general meeting and not yet accounted for in current year's financial statements.

13. RETIREMENT BENEFIT COSTS

The Group has joined a retirement scheme organised by the Provincial Government of Fujian for its PRC eligible employees and is required to contribute 22.2% of the eligible employees' basic salaries to the scheme.

The Group also operates a MPF Scheme for the eligible employees in Hong Kong. The Group contributes 5% of the employees' relevant income each month as defined in the MPF Schemes Ordinance, subject to a maximum of HK$1,000 per person.

As at 30 June 2003, the Group had contributions payable to the above retirement schemes aggregating RMB34,290 (2002: RMB30,000), as included in the other payables and accrued charges under current liabilities in the consolidated balance sheet.

14. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments paid and payable to the directors of the Company during the year are:

	2003	2002
	RMB'000	*RMB'000*
Fees	**—**	—
Salaries and other emoluments		
— Executive Directors	**3,441**	3,015
— Independent non-executive Directors	**56**	56
Retirement benefit costs		
— Executive Directors	**38**	38
— Independent non-executive Directors	**—**	—
	3,535	3,109

The above includes an operating lease rental of RMB483,000 (2002: RMB 483,000) paid by the Group for a quarter provided to an Executive Director.

The above emoluments also include the value of share options granted to certain directors under the Company's share option scheme as stated in note 30.

14. DIRECTORS' REMUNERATION *(continued)*

The remuneration of the directors is within the following bands:

	2003 Number of directors	2002 Number of directors
Emoluments		
RMB Nil to RMB 1,000,000	**5**	5
RMB 1,000,001 to RMB 2,000,000	**1**	1

No directors of the Company waived any emoluments and no emoluments was paid or payable by the Group as an inducement to join or upon joining the Group, or as compensation for loss of office during the year.

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Three (2002: Three) of the five highest paid individuals are directors whose emoluments have been included above. Details of the emoluments paid to the remaining two (2002: two) highest paid individuals are as follows:

	2003 *RMB'000*	2002 *RMB'000*
Salaries and other benefits-in-kind	**1,575**	1,763
Retirement benefit costs	**14**	25
	1,589	1,788

The emoluments of two (2002: two) individuals with the highest emoluments within the following bands:

	2003 Number of individuals	2002 Number of individuals
Emoluments		
RMB Nil to RMB1,000,000	**2**	1
RMB1,000,001 to RMB1,500,000	**—**	1

16. FIXED ASSETS

The Group

	Leasehold improvements RMB'000	Land and building RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure RMB'000	Computer equipment RMB'000	Orchard RMB'000	Intermediate life plants RMB'000	Total RMB'000
Cost									
At 1 July 2002	1,227	—	9,102	6,908	426,823	—	42,147	4,652	490,859
Additions	5	—	14,019	3,225	80,680	—	164,493	3,778	266,200
Transfer from construction-in-progress *(Note 17)*	28,399	65,000	—	—	244,556	22,000	—	—	359,955
Disposals	—	—	(262)	(40)	(14,201)	—	(409)	(3,707)	(18,619)
At 30 June 2003	29,631	65,000	22,859	10,093	737,858	22,000	206,231	4,723	1,098,395
Accumulated depreciation									
At 1 July 2002	337	—	1,085	1,014	23,470	—	701	395	27,002
Charge for the year	1,804	1,887	2,926	1,187	47,626	4,400	1,321	473	61,624
Disposals	—	—	(79)	(11)	(1,710)	—	(2)	(697)	(2,499)
At 30 June 2003	2,141	1,887	3,932	2,190	69,386	4,400	2,020	171	86,127
Net book value									
At 30 June 2003	27,490	63,113	18,927	7,903	668,472	17,600	204,211	4,552	1,012,268
At 30 June 2002	890	—	8,017	5,894	403,353	—	41,446	4,257	463,857

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

Intermediate life plants are aloe veras growing as at year end.

The Group's land and building is held under long term leases in the PRC.

17. CONSTRUCTION-IN-PROGRESS

	2003 RMB'000	2002 RMB'000
At 1 July	**269,370**	73,160
Additions	**462,439**	393,001
Acquisition of a subsidiary *(Note 33)*	**—**	80,808
Transfer to fixed assets *(Note 16)*	**(359,955)**	(277,599)
At 30 June	**371,854**	269,370

18. COMPUTER SOFTWARE DEVELOPMENT COST

	2003 RMB'000	2002 RMB'000
Cost		
At 1 July	**56,000**	55,000
Additions	**2,773**	1,000
At 30 June	**58,773**	56,000
Accumulated amortisation		
At 1 July	**—**	—
Amortisation for the year	**19,591**	—
At 30 June	**19,591**	—
Net carrying value	**39,182**	56,000

Computer software development cost represents the software cost incurred for the establishment of the Group's computerised information system. Computer software development cost recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years.

The Group also incurred hardware cost amounting to RMB22,000,000 for this information system which was transferred from construction-in-progress to the fixed assets as at 30 June 2003 (2002: RMB22,000,000 included in construction-in-progress).

19. DEFERRED DEVELOPMENT COSTS

	2003 RMB'000	2002 RMB'000
Cost		
At 1 July	**74,200**	51,700
Additions	**6,430**	22,500
At 30 June	**80,630**	74,200
Accumulated amortisation		
At 1 July	**4,718**	2,257
Amortisation for the year	**3,150**	2,461
At 30 June	**7,868**	4,718
Net carrying value	**72,762**	69,482

20. LONG-TERM PREPAID RENTALS

This represents prepayment of long-term rentals of farmland and a research centre with remaining lease terms ranging from 16 to 70 years under operating leases. The movement of the long-term prepaid rentals during the year is as follows:

	2003 RMB'000	2002 RMB'000
Cost		
At 1 July	**456,470**	244,194
Additions	**187,916**	215,276
Early termination of lease *(Note)*	**(22,572)**	(3,000)
At 30 June	**621,814**	456,470
Accumulated amortisation		
At 1 July	**12,949**	4,758
Amortisation for the year	**12,274**	8,283
Early termination of lease *(Note)*	**(1,306)**	(92)
At 30 June	**23,917**	12,949
Net carrying value	**597,897**	443,521

20. LONG-TERM PREPAID RENTALS *(continued)*

Note: During the year ended 30 June 2003, four long-term operating leases (2002: one) on farmland were terminated. Pursuant to the termination agreement, the relevant unamortised long-term prepaid rentals of RMB21,266,000 (2002: RMB2,908,000) had been refunded to the Group.

21. DEFERRED EXPENDITURE

This represents payment of farmland refurbishment during the year. The movement of the deferred expenditure is as follows:

	2003	2002
	RMB'000	*RMB'000*
Cost		
Additions and at 30 June	**31,534**	—
Accumulated amortisation		
Amortisation for the year and at 30 June	**(1,652)**	—
Net carrying value	**29,882**	—

22. INTERESTS IN SUBSIDIARIES

	2003	2002
	RMB'000	*RMB'000*
Unlisted shares, at cost	**200,665**	200,665
Amounts due from subsidiaries	**1,478,887**	1,027,686
	1,679,552	1,228,351

Except for shareholder's loans (the "Shareholder's Loans") of US$45,000,000 (equivalent to RMB371,639,000) and HK$250,000,000 (equivalent to RMB264,700,000) (2002: total of RMB264,700,000) which will be repayable in the second and the fourth year respectively of the balance sheet date, all other balances due from subsidiaries have no fixed terms of repayment. All the balances are unsecured and interest free.

The Company's interests in certain subsidiaries and the Shareholder's Loans are pledged as securities for the Company's banking facilities as shown in note 32.

Particulars of the principal subsidiaries of the Group at 30 June 2003 are set out in note 36.

23. INTERESTS IN ASSOCIATES

	2003 RMB'000	2002 RMB'000
Share of net assets	**322,442**	287,477
Negative goodwill on acquisition	**(162,717)**	(162,717)
Less: Accumulated amortisation	**16,272**	8,136
	175,997	132,896
Amount due to an associate	**(80)**	—
Shareholder's loan	**7,350**	7,350
	183,267	140,246

Amount due to an associate and the shareholders' loan are unsecured, interest-free and repayable on demand.

Particulars of the associates of the Group at 30 June 2003 are as follows:

Company	Place of incorporation	Principal activity and place of operation	Particulars of issued/registered and paid up capital	Interest held indirectly
Newasia Global Limited ("Newasia") #	British Virgin Islands	Investment holding in Hong Kong	100,000 ordinary share of US$1 each	49%
Lucky Team Biotech Development (Hepu) Limited ("Hepu") #*	PRC	Operation of a citrus farm in PRC	RMB80,000,000	49%
Litian Biological Science & Technology Development (Xinfeng) Co Ltd ("Xinfeng") #*	PRC	Not yet commenced business	US$745,000	49%

Not audited by Charles Chan, Ip and Fung CPA Limited.
* Wholly foreign owned enterprises

23. INTERESTS IN ASSOCIATES *(continued)*

For the year ended 30 June 2003, the key consolidated financial information of Newasia, Hepu and Xinfeng is as follows:

	2003	2002
	RMB'000	*RMB'000*
Non-current assets	**713,981**	612,202
Current assets	**52,502**	52,886
Current liabilities	**(108,438)**	(78,400)
Turnover	**186,064**	124,689
Profit for the year	**71,358**	35,927

24. INVENTORIES

	2003	2002
	RMB'000	*RMB'000*
Growing crops	**58,203**	51,832
Livestock	**13,380**	6,142
Agricultural materials *(Note)*	**1,863**	2,402
Merchandise for resale	**7,051**	—
	80,497	60,376

At 30 June 2003, all inventories were stated at cost.

Note: Agricultural materials include seeds, fertilizers and pesticides not yet utilitised as at the year end.

25. TRADE RECEIVABLES

Credit terms granted to customers are as follows:

Type of customers	**Credit term**
Local wholesale and retail sales	Cash on delivery
Local sales to institutional customers (including hotels and schools)	15 days to 30 days after delivery
Sales to export trading companies	15 days to 30 days after delivery
Direct sales to overseas customers	Cash on delivery or up to 150 days after delivery depending on the financial strengths of individual customers

The aging of Group's trade receivables is analysed as follows:

	2003	2002
	RMB'000	*RMB'000*
0 — 1 month	**63,973**	43,039
1 — 3 months	**4,003**	14,758
Over 3 months	**1,431**	3,441
	69,407	61,238

26. CASH AND BANK BALANCES

Cash and bank balances of the Group as at the balance sheet date are analysed as follows:

	2003				
	Kept in PRC		**Kept in Hong Kong & Japan**		**Total**
	In RMB	**In foreign currencies**	**In RMB**	**In foreign currencies**	
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Cash at banks and in hand	**212,025**	**160,138**	**—**	**370,714**	**742,877**
Cash and cash equivalents in the consolidated cash flow statement	**212,025**	**160,138**	**—**	**370,714**	**742,877**
Pledged time deposit against short term bank loan *(Note 32)*	**—**	**21,176**	**—**	**—**	**21,176**
Cash and cash equivalents in the consolidated balance sheet	**212,025**	**181,314**	**—**	**370,714**	**764,053**
Long-term bank deposits	**—**	**—**	**—**	**103,233**	**103,233**
Total	**212,025**	**181,314**	**—**	**473,947**	**867,286**

	2002				
	Kept in PRC		Kept in Hong Kong		Total
	In RMB	In foreign currencies	In RMB	In foreign currencies	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand	129,499	260,818	—	500,726	891,043
Cash and cash equivalents in the consolidated cash flow statement **	129,499	260,818	—	500,726	891,043
Pledged time deposit against short term bank loan *(Note 32)*	—	—	—	—	—
Cash and cash equivalents in the consolidated balance sheet	129,499	260,818	—	500,726	891,043
Long-term bank deposits	—	105,880	—	—	105,880
Total	129,499	366,698	—	500,726	996,923

26. CASH AND BANK BALANCES *(continued)*

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

The Company's cash and bank balances of RMB219,311,000 (2002: RMB451,902,000) were all denominated in foreign currencies and kept in Hong Kong.

** Cash and cash equivalents as at 30 June 2002 has been restated from RMB675,067,000 to RMB891,043,000 according to the adoption of SSAP 15 (Revised) "Cash flow statements".

27. AMOUNT DUE TO A RELATED COMPANY

The balance arose from purchases of agricultural materials, as detailed in note 35 below, from a company which is majority owned by Mr. Kwok Ho, the Chairman and a controlling shareholder of the Company. They are trading nature and aged within 3 months.

28. TRADE PAYABLES

The aging of Group's trade payables is analysed as follows:

	2003	2002
	RMB'000	*RMB'000*
		(Restated)
0 — 1 month	**8,645**	1,510
1 — 3 months	**3,300**	7
Over 3 months	**4,227**	—
	16,172	1,517

29. SHARE CAPITAL

	Authorised ordinary shares of HK$0.1 each		
	No. of shares	*HK$'000*	*RMB'000*
At 30 June 2002 and 2003	5,000,000,000	500,000	527,515

29. SHARE CAPITAL *(continued)*

	Issued and fully paid ordinary shares of HK$0.1 each		
	No. of shares	*HK$'000*	*RMB'000*
At 1 July 2001	1,600,000,000	160,000	169,824
Issue of shares	320,000,000	32,000	33,965
At 30 June 2002	1,920,000,000	192,000	203,789
Repurchase of shares *(Note)*	(4,938,000)	(494)	(523)
At 30 June 2003	**1,915,062,000**	**191,506**	**203,266**

Note:

During the year, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid	
		HK$	*HK$*	*HK$'000*	*RMB'000*
November 2002	4,938,000	1.22	1.17	5,951	6,301

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled was transferred from the retained profits to the capital redemption reserve as shown in note 31. The premium paid on the repurchase of the shares of RMB5,778,000 was charged to the share premium account.

30. SHARE OPTION SCHEME

Pursuant to the resolution of an extraordinary general meeting of the Company held on 19 June 2002, the share option scheme adopted on 23 November 2000 was terminated and a new share option scheme "New Scheme" was approved and adopted. Under the New Scheme, the Company may grant options to various classes of participants, among others, including directors (whether executive or non executive) and employees of the Group. During the year ended 30 June 2003, options in respect of 145,200,000 shares were granted to the relevant participants under the New Scheme.

Movement in share options

	Year ended 30 June 2003	Year ended 30 June 2002		
Number of shares	**New Share Option Scheme**	New Share Option Scheme	Old Share Option Scheme	Total
1 July	**—**	—	—	—
Issued	**145,200,000**	—	—	—
30 June	**145,200,000**	—	—	—
Options vested at 30 June	—	—	—	—

There were no share options exercised during the year ended 30 June 2003 (2002: Nil).

30. SHARE OPTION SCHEME *(continued)*

Terms of unexpired and unexercised share options at balance sheet date

At 30 June 2003, options to subscribe for 145,200,000 shares under the New Share Option Scheme (2002: Nil) were outstanding:

Date of grant	Exercise period	Exercise price *HK$*	30 June 2003 Number of shares	30 June 2002 Number of shares
28 January 2003	1 July 2003 to 27 January 2013	1.66	**45,500,000**	—
28 January 2003	1 January 2004 to 27 January 2013	1.66	**20,000,000**	—
28 January 2003	1 January 2005 to 27 January 2013	1.66	**20,000,000**	—
19 June 2003	1 July 2003 to 18 June 2013	1.13	**48,700,000**	—
19 June 2003	1 July 2004 to 18 June 2013	1.13	**7,000,000**	—
24 June 2003	1 July 2003 to 23 June 2013	1.14	**4,000,000**	—
			145,200,000	—

Share options granted during the year

Date of grant	Exercise period	Exercise price *HK$*	30 June 2003 Number of shares	30 June 2002 Number of shares
28 January 2003	1 July 2003 to 27 January 2013	1.66	**45,500,000**	—
28 January 2003	1 January 2004 to 27 January 2013	1.66	**20,000,000**	—
28 January 2003	1 January 2005 to 27 January 2013	1.66	**20,000,000**	—
19 June 2003	1 July 2003 to 18 June 2013	1.13	**48,700,000**	—
19 June 2003	1 July 2004 to 18 June 2013	1.13	**7,000,000**	—
24 June 2003	1 July 2003 to 23 June 2013	1.14	**4,000,000**	—
			145,200,000	—

31. RESERVES

(a) Group

	Share premium RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Statutory common reserve RMB'000	Statutory welfare reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 July 2001 as previously reported	411,664	94,894	—	26,881	731	303,733	837,903
Adoption of SSAP 9 (revised)	—	—	—	—	—	123,808	123,808
At 1 July 2001 as restated	411,664	94,894	—	26,881	731	427,541	961,711
Issue of shares	747,226	—	—	—	—	—	747,226
Issuing expenses	(25,850)	—	—	—	—	—	(25,850)
Profit for the year	—	—	—	—	—	621,924	621,924
2000/2001 final dividends paid	—	—	—	—	—	(148,654)	(148,654)
Appropriation	—	—	—	53,743	—	(53,743)	—
At 30 June 2002 and 1 July 2002	1,133,040	94,894	—	80,624	731	847,068	2,156,357
Premium on share repurchased	(5,778)	—	—	—	—	—	(5,778)
Transfer to capital redemption reserve	—	—	523	—	—	(523)	—
Profit for the year	—	—	—	—	—	725,134	725,134
2001/2002 final dividends paid	—	—	—	—	—	(182,490)	(182,490)
Appropriation	—	—	—	3,487	—	(3,487)	—
At 30 June 2003	1,127,262	94,894	523	84,111	731	1,385,702	2,693,223

31. RESERVES *(continued)*

(a) Group *(continued)*

Note:

According to the PRC rules and regulations and the Articles of Association of the Group's respective PRC subsidiaries:

Domestic enterprises are required to transfer 10% and 5% of its profits after tax to statutory common reserve and statutory welfare reserve respectively. The transfer to the statutory common reserve is required until it aggregates to 50% of the respective registered share capital.

FIEs are required to transfer 10% of its profits after tax to statutory common reserve. The transfer to the statutory common reserve is required until it aggregates to 50% of the respective registered share capital.

The statutory common reserve can be used to make good previous years' losses while the statutory welfare reserve can be utilised for employees' welfare facilities. The statutory welfare reserve is non-distributable other than in liquidation.

The above appropriation of reserves includes the appropriations made by the Group's PRC domestic enterprises and FIEs.

(b) Company

	Share premium	Capital redemption reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 July 2001 previously reported	612,329	—	2,144	614,473
Adoption of SSAP 9 (revised)	—	—	123,808	123,808
At 1 July 2001 as restated	612,329	—	125,952	738,281
Issue of shares	747,226	—	—	747,226
Issuing expenses	(25,850)	—	—	(25,850)
Profit for the year	—	—	9,197	9,197
2000/2001 final dividends paid	—	—	(148,654)	(148,654)
At 30 June 2002 and 1 July 2002	1,333,705	—	(13,505)	1,320,200
Premium on shares repurchased	(5,778)	—	—	(5,778)
Transfer to capital redemption reserve	—	523	(523)	—
Profit for the year	—	—	155,891	155,891
2001/2002 final dividends paid	—	—	(182,490)	(182,490)
At 30 June 2003	1,327,927	523	(40,627)	1,287,823

32. BANK LOANS — SECURED

At 30 June 2003, the bank loans were repayable as follows:

	Group		Company	
	2003	2002	**2003**	2002
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year or on demand	**462,932**	—	**412,932**	—
After 1 year but within 2 years	**—**	—	**—**	—
After 2 years but within 5 years	**—**	165,173	**—**	165,173
	—	165,173	**—**	165,173
	462,932	165,173	**412,932**	165,173

On 16 January, 2002, the Company entered into a loan agreement (the "Loan Agreement") with, inter alios, a syndicate of banks relating to a loan facility of up to US$50,000,000 (the "Loan"). The Loan is made available to the Company by way of a revolving loan facility during the 12-month period after the date of the Loan Agreement, and any principal amount of the Loan outstanding as at the date falling 12 months after the date of the Loan Agreement will automatically be converted into a term loan and repayable during the period between 18 months and 36 months after the date of the Loan Agreement. During the year ended 30 June 2002, the Company made the first draw down of US$20,000,000 (equivalent to RMB 165,173,000).

During the year ended 30 June 2003, the Company fully utilised the Loan facility by making the second draw down of US$30,000,000 (equivalent to RMB247,759,000). The loan is interest bearing at London Inter-Bank Offered Rate plus 1.875% per annum which is secured by the Company's interests in certain subsidiaries and the Shareholder's Loans as shown in note 22.

The first loan repayment of US$12,500,000 (equivalent to RMB103,233,000) was made on 16 July 2003. The remaining balance of US$31,000,000 (equivalent to RMB256,018,000) and US$6,500,000 (equivalent to RMB53,681,000) were early fully repaid on 18 September 2003 and 25 September 2003 respectively.

During the year ended 30 June 2003, the Group obtained certain short-term bank loans amounted to RMB50,000,000 (2002: Nil) in the PRC which were secured by fixed deposits amounted to HK$20,000,000 (equivalent to RMB21,176,000) (2002: Nil) as shown in note 26 and corporate guarantee executed by one of its subsidiaries.

33. ACQUISITION OF A SUBSIDIARY

	2003 RMB'000	2002 RMB'000
Net assets acquired		
Construction-in-progress	—	80,808
Other receivables, deposits and prepayments	—	25
	—	80,833
Satisfied by cash	—	80,833

Analysis of the net cash outflow in respect of acquisition of subsidiaries:

	2003 RMB'000	2002 RMB'000
Cash consideration	—	(80,833)
Net cash outflow in respect of the acquisition of subsidiaries	—	(80,833)

The subsidiary acquired during the year ended 30 June 2002 did not contribute significant cash flows to the Group.

34. COMMITMENTS

(a) Capital commitment

At 30 June 2003, the Group had the following capital commitments:

	2003	2002
	RMB'000	*RMB'000*
Contracted but not provided for		
— Research and development expenditures	**20,700**	73,500
— Purchase of fixed assets	**76,438**	140,646
	97,138	214,146
Authorised but not contracted for		
— Purchase of fixed assets	**358,676**	591,274
Total	**455,814**	805,420

(b) Operating leases commitment

At 30 June 2003, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Within 1 year	**After 1 year but within 5 years**	**After 5 years**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
At 30 June 2003				
Land & buildings	**65,859**	**228,606**	**1,113,693**	**1,408,158**
Others	**672**	**155**	**—**	**827**
Total	**66,531**	**228,761**	**1,113,693**	**1,408,985**
At 30 June 2002				
Land & buildings	44,109	170,383	949,433	1,163,925
Others	268	228	—	496
Total	44,377	170,611	949,433	1,164,421

35. RELATED PARTY TRANSACTIONS

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

	2003 RMB'000	2002 RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited		
— Purchase of organic fertilizers	**136,311**	105,585
— Purchase of plant growth regulators	**2,557**	3,004

(i) The above related party is a company majority owned by Mr. Kwok Ho.

(ii) The directors are of the opinion that these transactions were conducted on normal commercial terms in the normal course of business at price and terms not less than those charged to or contracted with other third parties.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries of the Group at 30 June 2003 are as follows:

Company	Place of incorporation	Principal activities and place of operation	Particulars of issued/ registered and paid up capital	Interest held
Held directly:				
Timor Enterprise Limited	British Virgin Islands	Investment holding in Hong Kong	60,000 ordinary shares of US$1 each	100%
Insight Decision Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Chaoda Vegetable & Fruits Trading Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Huge Market Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Company	Place of incorporation	Principal activities and place of operation	Particulars of issued/ registered and paid up capital	Interest held
Held indirectly:				
Fuzhou Chaoda Modern Agriculture Development Company Limited **	PRC	Growing and sales of crops, breeding and sales of livestock in PRC	HK$156,000,000	100%
Fujian Chaoda Green Agriculture Development Company Limited *	PRC	Growing and sales of crops, breeding and sales of livestock in PRC	RMB40,000,000	100%
Fujian Chaoda Livestock Company Limited ***	PRC	Export trading (Note)	RMB42,000,000	100%
Chaoda Vegetable & Fruits Limited	Hong Kong	Distribution and trading of crops in Hong Kong	100,000 ordinary shares of HK$1 each	100%
臨海超大現代農業發展有限公司 **	PRC	Growing and sales of crops in PRC	US$190,000	100%
Fujian Chaoda Liancheng Foodstuffs Company Limited *	PRC	Sales of ancillary food products in PRC	RMB15,000,000	91%
福州超大超市發展有限公司 ***	PRC	Supermarkets chain operation in PRC	RMB20,000,000	95%
上海超大精文綠亭配送服務有限公司 ***	PRC	Sales of crops in PRC	RMB10,000,000	70%
Desire Star (Fujian) Development Company Limited **	PRC	Property holding in PRC	US$5,000,000	100%
超大現代農業集團東京株式會社 #	Japan	Sales of crops in Japan	JPY¥10,000,000	60%

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Note: During the year, the principal activity of Fujian Chaoda Livestock Company Limited has been changed from breeding and sales of livestock in PRC to export trading.

Not audited by Charles Chan, Ip & Fung CPA Ltd.

* Sino-foreign owned equity joint ventures

** Wholly foreign owned enterprises

*** Private limited liability companies

37. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 30 June 2003 to be Kailey Investment Ltd, which is incorporated in the British Virgin Islands.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.