



**CHAODA MODERN AGRICULTURE
(HOLDINGS) LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 682)

**INTERIM REPORT
2007 / 2008**



HIGHLIGHTS

Turnover increased by 37% to RMB2,317 million.

Gross profit increased by 38% to RMB1,561 million.

Profit attributable to equity shareholders increased by 48% to RMB862 million.

Profit attributable to equity shareholders (excluding changes in fair value of biological assets and convertible bonds) increased by 48% to RMB1,127 million.

The board of directors (the "Board") of Chaoda Modern Agriculture (Holdings) Limited (the "Company" or "Chaoda") is pleased to present the interim report of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 December 2007. The consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 31 December 2007 and the consolidated balance sheet of the Group as at 31 December 2007, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company's Audit Committee and the Company's auditors, Grant Thornton.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007 — Unaudited

INTERIM REPORT 2007/2008

CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

	Notes	Six months ended 31 December	
		2007 RMB'000	2006 RMB'000
Turnover	3	2,317,200	1,696,583
Cost of sales		(756,548)	(565,818)
Gross profit		1,560,652	1,130,765
Other revenues		33,167	49,050
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	11	(95,668)	(77,869)
Selling and distribution expenses		(242,317)	(177,989)
General and administrative expenses		(100,067)	(119,601)
Research expenses		(29,128)	(28,638)
Other operating expenses		(77,947)	(63,936)
Profit from operations		1,048,692	711,782
Finance costs	5(a)	(71,291)	(72,631)
Loss on deemed disposals of interest in an associate		(1,050)	—
Share of net profit of associates		53,933	43,501
Change in fair value of convertible bonds	19	(169,332)	(101,504)
Profit before income tax	5	860,952	581,148
Income tax expense	6	(22)	(160)
Profit for the period		860,930	580,988
Profit attributable to:			
Equity shareholders of the Company		862,225	581,445
Minority interests		(1,295)	(457)
Profit for the period		860,930	580,988
Dividends	7	128,422	268,834
Earnings per share for profit attributable to the equity shareholders of the Company during the period (2006: restated)			
— Basic	8(a)	RMB0.36	RMB0.24
— Diluted	8(b)	RMB0.34	RMB0.23

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007 — Unaudited

	Notes	31 December 2007 RMB'000	30 June 2007 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	3,427,059	3,073,328
Construction-in-progress		518,481	446,593
Prepaid premium for land leases	10	4,043,724	3,380,418
Biological assets	11	1,330,354	1,099,727
Available-for-sale investments	12	178,560	549,990
Deferred development costs		40,020	37,350
Deferred expenditure		214,967	187,376
Other long-term deposits		3,500	3,500
Interests in associates	13	740,376	702,228
		10,497,041	9,480,510
Current assets			
Prepaid premium for land leases	10	140,746	121,452
Biological assets	11	585,747	663,221
Inventories		26,664	16,565
Trade receivables	14	174,368	266,489
Other receivables, deposits and prepayments		347,504	435,325
Cash and cash equivalents		1,447,759	1,667,350
		2,722,788	3,170,402
Current liabilities			
Amounts due to a related company	15	30,124	21,102
Trade and bills payables	16	10,491	15,266
Other payables and accruals		98,718	101,490
		139,333	137,858
Net current assets		2,583,455	3,032,544
Total assets less current liabilities		13,080,496	12,513,054
Non-current liabilities			
Guaranteed senior notes	18	1,625,247	1,693,423
Convertible bonds	19	1,648,321	1,548,120
		3,273,568	3,241,543
Net assets		9,806,928	9,271,511
EQUITY			
Equity attributable to the equity shareholders of the Company			
Share capital	20	256,181	252,951
Reserves		9,543,459	9,011,962
		9,799,640	9,264,913
Minority interests		7,288	6,598
Total equity		9,806,928	9,271,511

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2007 — Unaudited

	Six months ended 31 December	
	2007	2006
	RMB'000	RMB'000
Net cash generated from operating activities	1,119,400	459,116
Net cash used in investing activities	(1,333,778)	(1,172,908)
Net cash generated from financing activities	12,701	19,143
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(201,677)	(694,649)
Cash and cash equivalents at beginning of the period	1,667,350	2,613,723
Effect of foreign exchange rate changes	(17,914)	(43,396)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	1,447,759	1,875,678
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007 — Unaudited

	Attributable to the equity shareholders of the Company											
	Share capital	Share premium	Capital reserve	Employee share-based compensation reserve	Capital redemption reserve	Investment revaluation reserve	Exchange reserve	Statutory reserves	Retained profits	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 31 December 2006												
At 1 July 2006	251,071	1,958,794	94,894	98,756	723	—	21,756	434,898	4,203,309	7,064,201	4,503	7,068,704
Currency translation differences	—	—	—	—	—	—	65,580	—	—	65,580	—	65,580
Fair value gain on available-for-sale investments (note 12)	—	—	—	—	—	304,470	—	—	—	304,470	—	304,470
Net income recognised directly in equity	—	—	—	—	—	304,470	65,580	—	—	370,050	—	370,050
Profit for the period	—	—	—	—	—	—	—	—	581,445	581,445	(457)	580,988
Total recognised income and expenses for the period	—	—	—	—	—	304,470	65,580	—	581,445	951,495	(457)	951,038
Shares issued under share option scheme	564	18,579	—	(6,760)	—	—	—	—	—	12,383	—	12,383
Employee share option benefits	—	—	—	61,324	—	—	—	—	—	61,324	—	61,324
2005/2006 final dividends paid	—	—	—	—	—	—	—	—	(268,834)	(268,834)	—	(268,834)
Appropriations	—	—	—	—	—	—	—	91,189	(91,189)	—	—	—
At 31 December 2006	<u>251,635</u>	<u>1,977,373</u>	<u>94,894</u>	<u>153,320</u>	<u>723</u>	<u>304,470</u>	<u>87,336</u>	<u>526,087</u>	<u>4,424,731</u>	<u>7,820,569</u>	<u>4,046</u>	<u>7,824,615</u>
For the six months ended 31 December 2007												
At 1 July 2007	252,951	2,028,585	94,894	200,453	723	433,590	151,620	643,584	5,458,513	9,264,913	6,598	9,271,511
Currency translation differences	—	—	—	—	—	4,800	113,189	—	—	117,989	(15)	117,974
Fair value loss on available-for-sale investments (note 12)	—	—	—	—	—	(371,430)	—	—	—	(371,430)	—	(371,430)
Net income recognised directly in equity	—	—	—	—	—	(366,630)	113,189	—	—	(253,441)	(15)	(253,456)
Profit for the period	—	—	—	—	—	—	—	—	862,225	862,225	(1,295)	860,930
Total recognised income and expenses for the period	—	—	—	—	—	(366,630)	113,189	—	862,225	608,784	(1,310)	607,474
Shares issued under share option scheme	364	17,148	—	(6,211)	—	—	—	—	—	11,301	—	11,301
Bonus Issue	2,866	(2,866)	—	—	—	—	—	—	—	—	—	—
Employee share option benefits	—	—	—	43,064	—	—	—	—	—	43,064	—	43,064
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	—	2,000	2,000
2006/2007 final dividends paid	—	—	—	—	—	—	—	—	(128,422)	(128,422)	—	(128,422)
Appropriations	—	—	—	—	—	—	—	124,534	(124,534)	—	—	—
At 31 December 2007	<u>256,181</u>	<u>2,042,867</u>	<u>94,894</u>	<u>237,306</u>	<u>723</u>	<u>66,960</u>	<u>264,809</u>	<u>768,118</u>	<u>6,067,782</u>	<u>9,799,640</u>	<u>7,288</u>	<u>9,806,928</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2007 — Unaudited

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the “Interim Financial Information”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Interim Financial Information should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2007 (the “2007 Annual Financial Statements”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information has been prepared under the historical cost convention, except for the revaluation of certain assets and financial instruments which are stated at fair value. The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2007 Annual Financial Statements.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively, the “New HKFRSs”) which have become effective for accounting periods beginning on or after 1 January 2007. The adoption of the New HKFRSs has had no material financial impact on the Group’s Interim Financial Information.

The Group has not early adopted the following new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Information but are not yet effective. The directors of the Company (the “Directors”) are currently assessing the impact of these standards, amendments to standards and interpretations but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) Interpretation 12	Service Concession Arrangements ²
HK(IFRIC) Interpretation 13	Customer Loyalty Programmes ³
HK(IFRIC) Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2007 — Unaudited

3. TURNOVER

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

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

	Six months ended 31 December	
	2007 RMB'000	2006 RMB'000
Sales of crops	2,297,521	1,676,170
Sales of livestock	19,679	20,413
	<u>2,317,200</u>	<u>1,696,583</u>

4. SEGMENT INFORMATION

The Group is principally engaged in the growing and sales of crops. The turnover, operating profit and total assets, total liabilities and capital expenditures attributable to this business segment accounted for over 90% of the Group's consolidated totals for the six months ended 31 December 2007 and 2006. Consequently, no segment information by business activity is presented.

The Group's operations are primarily in the People's Republic of China (the "PRC") and the Group's sales and total assets attributable to other geographical areas are less than 10% of the Group's corresponding consolidated totals for the six months ended 31 December 2007 and 2006. Consequently, no segment information by geographical area is presented.

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 31 December	
	2007 RMB'000	2006 RMB'000
Interest on the guaranteed senior notes issued	65,586	66,914
Bank and finance charges	5,705	5,515
Interest on bank loans wholly repayable within five years	—	202
	<u>71,291</u>	<u>72,631</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

5. PROFIT BEFORE INCOME TAX *(Continued)*

(b) Staff costs

	Six months ended 31 December	
	2007 RMB'000	2006 RMB'000
Salaries, wages and other benefits	209,900	161,816
Employee share option benefits	43,064	61,324
Retirement benefit costs	1,787	1,334
	<u>254,751</u>	<u>224,474</u>

(c) Other items

	Six months ended 31 December	
	2007 RMB'000	2006 RMB'000
Interest income	(20,379)	(30,380)
Investment income	—	(3,213)
Amortisation of deferred development costs included in general and administrative expenses	5,530	5,363
Amortisation of deferred expenditure, net of amount capitalised	28,560	17,904
Amortisation of prepaid premium for land leases, net of amount capitalised	38,929	28,597
Bad debts written off/(back)	4	(186)
Cost of inventories sold	756,548	565,818
Depreciation of property, plant and equipment, net of amount capitalised	72,040	68,255
Exchange (gain)/loss, net	(248)	2,851
Operating lease expenses		
— land and buildings	70,278	57,809
— motor vehicles	51	51
Loss on disposals of property, plant and equipment	7	4,613
	<u>7</u>	<u>4,613</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

6. INCOME TAX EXPENSE

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

	Notes	Six months ended 31 December	
		2007 RMB'000	2006 RMB'000
Current tax			
— PRC income tax	(a)	22	160
— Hong Kong profits tax	(b)	—	—
		<u>22</u>	<u>160</u>

Notes:

- (a) Fuzhou Chaoda Modern Agriculture Development Company Limited, 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 Ministry of Agriculture, National Development and Reform Commission, Ministry of Finance, Ministry of Commerce, The People's Bank of China, State Administration of Taxation, China Securities Regulatory Commission and All China Federation of Supply and Marketing Cooperatives, domestic PRC State-Level Agricultural Leading Enterprises are entitled to certain tax benefits including full exemption of income tax. These tax benefits are also applied to other PRC subsidiaries engaged in agricultural business.

Other PRC subsidiaries not engaged in agricultural business are subject to the PRC income tax at the rates of 15% to 33% for the six months ended 31 December 2007 and 2006.

- (b) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits for the Company and its subsidiaries operating in Hong Kong for the six months ended 31 December 2007 and 2006.

7. DIVIDENDS

	Six months ended 31 December	
	2007 RMB'000	2006 RMB'000
Final dividend paid, of HK\$0.056 (2006: HK\$0.114) per ordinary share	<u>128,422</u>	<u>268,834</u>

At the annual general meeting held on 28 November 2007, final dividend for the year ended 30 June 2007 of HK\$0.056 (equivalent to approximately RMB0.054) per ordinary share was declared and approved. The dividend was paid during the period and the amount was reflected as appropriation of retained profits for the six months ended 31 December 2007.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2007 (Six months ended 31 December 2006: Nil).

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

8. EARNINGS PER SHARE

During the period, the Company made a bonus issue of the ordinary shares to the shareholders of the Company on the basis of one bonus share for every eighty existing shares of the Company recorded on the Register of the Members of the Company on 28 November 2007 (the "Bonus Issue"). The comparative figures of basic and diluted earnings per share have been restated for the effect of the Bonus Issue.

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of RMB862,225,000 (Six months ended 31 December 2006: RMB581,445,000) and the weighted average number of 2,417,015,162 (Six months ended 31 December 2006: 2,397,884,278, as restated) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to the equity shareholders of RMB862,225,000 (Six months ended 31 December 2006: RMB581,445,000) and the weighted average number of 2,513,474,951 (Six months ended 31 December 2006: 2,458,850,975, as restated) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme, convertible bonds and the Bonus Issue. The convertible bonds outstanding during the six months ended 31 December 2007 and 2006 had an anti-dilutive effect on the basic earnings per share amount for the current and the prior period.

Weighted average number of ordinary shares (diluted)

	Six months ended 31 December	
	2007	2006
	<i>Number of shares</i>	<i>Number of shares</i>
		(As restated)
Weighted average number of ordinary shares used in calculating basic earnings per share	2,417,015,162	2,397,884,278
Deemed issue of ordinary shares — share options	96,459,789	60,966,697
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,513,474,951</u>	<u>2,458,850,975</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

9. PROPERTY, PLANT AND EQUIPMENT

	2007	2006
	RMB'000	RMB'000
Net book value as at 1 July 2007/1 July 2006	3,073,328	2,243,719
Additions	2,010	29,006
Transfer from construction-in-progress	478,750	1,029,840
Disposals	(10)	(8,166)
Depreciation charges	(127,005)	(221,014)
Currency translation differences	(14)	(57)
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Net book value as at 31 December 2007/30 June 2007	<u>3,427,059</u>	<u>3,073,328</u>

10. PREPAID PREMIUM FOR LAND LEASES

	Long-term prepaid rentals	Land use rights	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost			
At 1 July 2006	2,763,873	100,964	2,864,837
Additions	863,750	31,092	894,842
Early termination of leases	(64,500)	—	(64,500)
	<hr/>	<hr/>	<hr/>
At 30 June 2007 and 1 July 2007	3,563,123	132,056	3,695,179
Additions	702,800	26,258	729,058
	<hr/>	<hr/>	<hr/>
At 31 December 2007	<u>4,265,923</u>	<u>158,314</u>	<u>4,424,237</u>
Accumulated amortisation			
At 1 July 2006	115,968	5,036	121,004
Amortisation for the year	69,335	4,264	73,599
Early termination of leases	(1,294)	—	(1,294)
	<hr/>	<hr/>	<hr/>
At 30 June 2007 and 1 July 2007	184,009	9,300	193,309
Amortisation for the period	43,071	3,387	46,458
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At 31 December 2007	<u>227,080</u>	<u>12,687</u>	<u>239,767</u>
Net carrying value as at 31 December 2007	<u>4,038,843</u>	<u>145,627</u>	<u>4,184,470</u>
Net carrying value as at 30 June 2007	<u>3,379,114</u>	<u>122,756</u>	<u>3,501,870</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

10. PREPAID PREMIUM FOR LAND LEASES *(Continued)*

	31 December 2007 RMB'000	30 June 2007 RMB'000
Non-current portion	4,043,724	3,380,418
Current portion	140,746	121,452
	<u>4,184,470</u>	<u>3,501,870</u>

The Group's interest in long-term prepaid rentals and land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

	31 December 2007 RMB'000	30 June 2007 RMB'000
In PRC held on:		
Leases of over 50 years	593,847	475,358
Leases of between 10 to 50 years	3,590,623	3,026,512
	<u>4,184,470</u>	<u>3,501,870</u>

As at 31 December 2007, long-term prepaid rentals for the farmland which has not yet been occupied by the Group amounted to RMB1,117,500,000 (30 June 2007: RMB917,950,000).

11. BIOLOGICAL ASSETS

	2007 RMB'000	2006 RMB'000
At 1 July 2007/1 July 2006	1,762,948	884,293
Additions	973,396	1,895,526
Decrease due to sales	(724,575)	(1,165,730)
(Loss)/gain arising from changes in fair value less estimated point-of-sale costs	(95,668)	148,859
At 31 December 2007/30 June 2007	<u>1,916,101</u>	<u>1,762,948</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

11. BIOLOGICAL ASSETS *(Continued)*

Biological assets as at 31 December 2007 and 30 June 2007 are stated at fair values less estimated point-of-sale costs and are analysed as follows:

	31 December 2007 RMB'000	30 June 2007 RMB'000
Non-current portion	1,330,354	1,099,727
Current portion	585,747	663,221
	<u>1,916,101</u>	<u>1,762,948</u>

Notes:

- (a) The fair value of fruit trees and tea trees is determined by the Directors with reference to the methodology and assumption adopted in the valuation for the year ended 30 June 2007.
- (b) The fair value of livestock is determined by the Directors with reference to market-determined prices with similar size, species and age.
- (c) The fair value of vegetables are determined by the Directors with reference to market-determined prices, cultivation area, species, growing conditions, cost incurred and expected yield of the crops.
- (d) The trees in plantation forest represented the growing of eucalyptus and were cultivated at initial stage. The Directors considered that the fair value of eucalyptus was largely approximate to the cost incurred after taking into consideration of the growing conditions and the period of plantation.

12. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2007 RMB'000	30 June 2007 RMB'000
Listed equity investments in Hong Kong, at fair value	<u>178,560</u>	<u>549,990</u>

The fair value of the listed equity investments is based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited. During the period, the fair value loss recognised directly in the investment revaluation reserve amounted to RMB371,430,000 (Six months ended 31 December 2006: fair value gain of RMB304,470,000).

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

13. INTERESTS IN ASSOCIATES

		31 December	30 June
		2007	2007
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
Share of net assets		739,985	701,821
Amounts due from an associate	(a)	391	407
		740,376	702,228

Notes :

- (a) Amounts due from an associate are unsecured, interest-free and have no fixed terms of repayment.
- (b) Particulars of the principal associate of the Group at 31 December 2007 are as follows:

Name of company	Country of incorporation	Principal activity and place of operation	Particulars of issued and paid up capital	Interest held indirectly by the Company
Asian Citrus Holdings Limited [#]	Bermuda	Investment holding in Hong Kong	74,196,758 (30 June 2007: 74,084,258) ordinary shares of HK\$0.1 each	33% (30 June 2007: 33%)

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

14. TRADE RECEIVABLES

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

Ageing analysis of the Group's trade receivables is as follows:

	31 December	30 June
	2007	2007
	RMB'000	<i>RMB'000</i>
0 — 1 month	156,677	246,463
1 — 3 months	6,439	6,062
Over 3 months	11,252	13,964
	174,368	266,489

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

15. AMOUNTS DUE TO A RELATED COMPANY

The balance arose from the purchases of agricultural materials, as detailed in note 22, from a company of which Mr. Kwok Ho, the Chairman and the substantial shareholder of the Company, is a major shareholder. The balance was aged within 30 days as of the interim balance sheet date.

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

16. TRADE AND BILLS PAYABLES

Ageing of the Group's trade and bills payables is analysed as follows:

	31 December 2007 RMB'000	30 June 2007 RMB'000
0 – 1 month	2,001	874
1 – 3 months	555	11,655
Over 3 months	7,935	2,737
	10,491	15,266

At 31 December 2007, bills payable amounting to RMB3,000,000 (30 June 2007: Nil) were secured by a corporate guarantee provided by one of the subsidiaries (note 17).

17. BANKING FACILITIES

At 31 December 2007, the Group had total banking facilities amounted to RMB75,000,000 (30 June 2007: RMB40,000,000) of which RMB3,000,000 of bills payable have been utilised (30 June 2007: Nil). The banking facilities are secured by corporate guarantee provided by one of the subsidiaries.

18. GUARANTEED SENIOR NOTES

The Company issued US\$225,000,000, 7.75% guaranteed senior notes due on 8 February 2010 (the "Guaranteed Senior Notes") in February 2005 at an issue price of 98.985% (equivalent to RMB1,625,247,000 at 31 December 2007, net of discount capitalised) (30 June 2007: equivalent to RMB1,693,423,000, net of discount capitalised). The Guaranteed Senior Notes are listed on the Singapore Exchange Securities Trading Limited and are guaranteed by certain subsidiaries bearing interest at 7.75% per annum, payable semi-annually in arrears. At any time prior to 7 February 2008, the Company may redeem up to 35% of the principal amount of the Guaranteed Senior Notes with the cash proceeds of one or more sales of the Company's shares in an offering at a redemption price of 107.75% of the principal amount of the Guaranteed Senior Notes, plus accrued and unpaid interest, if any, to the redemption date.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

19. CONVERTIBLE BONDS

In May 2006, the Company issued HK\$1,344,000,000 (equivalent to approximately RMB1,384,320,000 at the date of issue) zero coupon convertible bonds to the bond holders with a maturity date due on 8 May 2011. The convertible bonds are listed on The Stock Exchange of Hong Kong Limited and are guaranteed by certain subsidiaries of the Company.

Each convertible bond would, at the option of the bond holder, be convertible on and after 15 May 2006 up to and including 28 April 2011 into ordinary share (the "Shares") of the Company at an initial conversion price of HK\$6.72 per share subject to adjustment. The conversion price will be reset to the average market price of the Shares on the respective dates as stipulated in the Company's circular dated 3 May 2006. The convertible bonds that are not converted into the Shares will be redeemed at 128.01% of its principal amount on the maturity date.

Since the conversion price for the convertible bonds is subject to change, the conversion will not result in settlement by the exchange of a fixed number of equity instrument. Therefore, the Group determined that the convertible bonds do not contain any equity component and the entire convertible bonds were designated as "financial liabilities at fair value through profit or loss" which require the convertible bonds to be carried at fair value at the balance sheet date with the changes in fair values are recognised in the income statement. During the period, a loss on change in its fair value of RMB169,332,000 (Six months ended 31 December 2006: RMB101,504,000) is recognised in the income statement.

The fair value of the convertible bonds was calculated using the market value basis. The inputs into the model were as follows:

Stock price	HK\$7.06
Expected volatility	40%
Stock borrowing cost	3%
Issuer's credit spread	3%
Expected dividend yield	1%

The movement of the fair value of the convertible bonds is set out as below:

	2007	2006
	RMB'000	RMB'000
At 1 July 2007/1 July 2006	1,548,120	1,389,455
Change in fair value charged to income statement	169,332	247,014
Currency translation differences charged to exchange reserve	(69,131)	(88,349)
At 31 December 2007/30 June 2007	<u>1,648,321</u>	<u>1,548,120</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

20. SHARE CAPITAL

	Authorised ordinary shares of HK\$0.1 each		
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>RMB'000</i>
At 31 December 2007 and 30 June 2007	<u>5,000,000,000</u>	<u>500,000</u>	<u>527,515</u>
	Issued and fully paid ordinary shares of HK\$0.1 each		
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>RMB'000</i>
At 1 July 2006	2,366,662,250	236,667	251,071
New shares issued under share option scheme	<u>18,796,900</u>	<u>1,880</u>	<u>1,880</u>
At 30 June 2007	2,385,459,150	238,547	252,951
New shares issued under share option scheme	3,785,000	379	364
Bonus Issue	<u>29,856,801</u>	<u>2,986</u>	<u>2,866</u>
At 31 December 2007	<u>2,419,100,951</u>	<u>241,912</u>	<u>256,181</u>

21. COMMITMENTS

(a) Capital commitments

At the balance sheet date, the Group had the following capital commitments:

	31 December 2007 RMB'000	30 June 2007 RMB'000
Contracted but not provided for		
— Research and development expenditure	37,510	31,810
— Purchases of property, plant and equipment	40,751	77,633
— Premium payments for land leases	600	37,650
	<u>78,861</u>	<u>147,093</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

21. COMMITMENTS *(Continued)*

(b) Operating lease commitments and arrangements

As lessee

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

	31 December 2007 RMB'000	30 June 2007 RMB'000
Within one year	149,662	130,473
In the second to fifth years, inclusive	582,426	499,892
After five years	2,753,615	2,320,386
	<u>3,485,703</u>	<u>2,950,751</u>

As lessor

At the balance sheet date, the Group had total future minimum lease receipts, in respect of land and buildings, under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2007 RMB'000	30 June 2007 RMB'000
Within one year	893	886
In the second to fifth years, inclusive	3,685	3,666
After five years	2,555	2,946
	<u>7,133</u>	<u>7,498</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 31 December 2007 — Unaudited

22. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with a related party during the period:

	Six months ended 31 December	
	2007	2006
	RMB'000	RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited <i>(note (a))</i>		
— Purchase of organic fertilisers <i>(note (b))</i>	244,997	130,691

Notes:

- (a) The related party is a company in which Mr. Kwok Ho, the Chairman and the substantial shareholder of the Company, is a major shareholder.
- (b) The Directors are of the opinion that these transactions were conducted in the normal course of business at prices and terms no less than those charged to or contracted with other third parties.

23. APPROVAL OF INTERIM FINANCIAL INFORMATION

The Interim Financial Information was approved by the board of directors on 26 March 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and Gross Profit

For the six months ended 31 December 2007, the turnover of the Group rose by 37% to RMB2,317 million. It recorded a remarkable increase from RMB1,697 million for the same period last year.

The gross profit of the Group increased by 38% to RMB1,561 million, compared with the gross profit of RMB1,131 million for the same period last year. The gross profit margin of the Group for the period under review was 67%, the same as that of last financial period.

Operating Profit

Of the main operating expenses, selling and distribution expenses amounted to RMB242 million or 10% of the turnover, compared with RMB178 million or 10% of the turnover for the same period last year. The general and administration expenses amounted to RMB100 million or 4% of the turnover, compared with RMB120 million or 7% of the turnover for the same period last year.

As a result, the operating profit of the Group for the current period rose to RMB1,049 million, an increase of 47% from RMB712 million for the same period last year.

Profit Attributable to Equity Shareholders

For the period under review, profit attributable to equity shareholders amounted to RMB862 million, representing an increase of 48%, compared with RMB581 million for the same period last year.

Profit attributable to equity shareholders for the current period was affected by two major non-cash flow items, changes in fair value of biological assets and convertible bonds, which recorded a loss of RMB96 million and a loss of RMB169 million respectively.

Excluding these two major non-cash flow items, the Group's profit attributable to equity shareholders rose to RMB1,127 million, up 48% from RMB761 million for the same period last year.

The encouraging result was largely contributed by the increase in production base area and the strong demand for high quality agricultural products. The sustainable development of the Group depends on the successful implementation of the established business model and expansion policy by integrating agricultural land, farmers and bringing in specialised management and skills. As a result, the overall productivity of the production bases and farmers has been enhanced.

AGRICULTURAL LAND

The production base area of the Group's core business, including vegetable land, tea garden and fruit garden, as at 31 December 2007 amounted to 449,155 mu (29,944 hectares), a substantial increase of 43% compared with 314,556 mu (20,970 hectares) as at 31 December 2006. It also recorded an increase of 24% compared with 363,656 mu (24,244 hectares) as at 30 June 2007. The Group operated 33 production bases in 15 different provinces and cities in the PRC.

The weighted average production area for vegetables as at 31 December 2007 increased significantly by 36% to 325,360 mu (21,691 hectares) when compared with 238,361 mu (15,891 hectares) as at 31 December 2006. It also represented an increase of 26% when compared with that of 258,361 mu (17,224 hectares) as at 30 June 2007.

SALES ANALYSIS

Revenue from sales of crops, the core business of the Group, amounted to RMB2,298 million, representing 99% of the turnover, up 37% from RMB1,676 million for the same period last year. Sales of crops achieved a volume of 909,945 tonnes, an increase of 32% from 688,213 tonnes in the last financial period.

About 71% of the crops were sold in the domestic market of the PRC while the remaining 29% were mainly for indirect export. In the domestic market, 65% were sold to wholesale buyers and 6% to institutional buyers.

For the current period, the yield for vegetables was 2.73 tonnes per mu and the yield per mu per harvest for vegetables was 1.78 tonnes, compared with the vegetable yield per mu at 2.79 tonnes and the yield per mu per harvest of 1.77 tonnes in the preceding financial period. The average selling price for crops was RMB2.52 per kg, compared with RMB2.44 per kg in the last financial period.

MARKET REVIEW AND DEVELOPMENT STRATEGIES

In 2007, land used for vegetable production in China increased by 2.3% year-on-year to 279 million mu. Total output of vegetables grew by 2.9% year-on-year to 599 million tonnes during the year. Vegetable exports maintained a stable growth. According to China Customs, vegetable exports (including frozen vegetables, processed vegetables and dried vegetables) totalled 8.17 million tonnes in 2007, an increase of 11.6% from 2006. Export value amounted to US\$6.2 billion, up 14.5% from the previous year. Japan remained the largest importing country of China's vegetables despite a decline in the value of shipments. On the other hand, significant growth occurred in exports to Southeast Asian countries, the United States, Korea, Russia and Germany.

The government has promulgated various supportive and preferential agricultural policies. In January 2008, it issued the No.1 Document titled "Several opinions regarding the key task to strengthen the development of agricultural infrastructure, further promote the development of agriculture and increase farmers' income". According to the document, the government targeted infrastructure development as its priority in the agricultural sector this year. It called for measures taken to protect rural areas against natural disasters, ensure the stable supply of produce and stabilize agricultural prices. It is the fifth year in a row since 2004 in which the No.1 Document focused on the "three rural issues".

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW AND DEVELOPMENT STRATEGIES *(Continued)*

We firmly believe that Chaoda has enormous room for growth, given policy support as well as ongoing improvements in the operating environment for agriculture. During the period under review, the Company executed according to the plan in its expansion of production bases. They are strategically located across a range of north-south latitudes and at different altitudes. This ensures a year-round supply of fruit and vegetables and minimizes the risk and impact of natural disasters. The Company will maintain its core business of the cultivation of fruit and vegetables, as well as its business model based on “company + bases + farmers”. It will further expand production bases in Northeast China, North China, the Yangtze River area and South China. Meanwhile, new geographical regions and sites will be identified for complementary production.

Brand building is another key to our strategy for future growth. Nowadays, food safety is a public concern. Brand has become increasingly important among consumers. As a result, a well-established brand will be a core competitive strength for enterprises and the driving force for their sustainable growth. After years of efforts, Chaoda has built up a strong corporate brand which is widely recognized in the industry. In the future, we will make use of its appeal for customers to launch a series of fruit and vegetable products featuring “safe, healthy and green”. Moreover, we will offer more packaged products and strive hard to promote the brand awareness of Chaoda among consumers.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2007, the Group’s cash and cash equivalents amounted to RMB1,448 million (31 December 2006: RMB1,876 million). Such decrease was mainly caused by the Group’s increased investment in the fixed assets and agricultural land.

The Group’s total equity, including minority interests, was RMB9,807 million as at 31 December 2007 (31 December 2006: RMB7,825 million). The non-current liabilities of the Group consisted of the following debt securities:

1. US\$225 million 7.75% guaranteed senior notes due on 8 February 2010; and
2. HK\$1,344 million zero coupon convertible bonds due on 8 May 2011.

Details of the guaranteed senior notes and the convertible bonds are set out in notes 18 and 19 to the unaudited condensed financial statements respectively.

As at 31 December 2007, the Group’s debt to equity was 33% (31 December 2006: 41%) and its current ratio was 20 times (31 December 2006: 22 times).

As at 31 December 2007, outstanding capital commitments, contracted but not provided for, in respect of the purchases of property, plant and equipment, research and development expenditure as well as premium payments for land leases, amounted to RMB79 million (31 December 2006: RMB116 million). The Group did not have any material contingent liabilities as at 31 December 2006 and 2007.

SECURITIES IN ISSUE

During the period under review, the issued share capital of the Company has been enlarged by the issue of bonus shares on the basis of one bonus share for every eighty then existing issued shares held on 28 November 2007 and the exercise of share options granted to directors and employees. No convertible bond holders had elected to convert their respective bonds into shares of the Company.

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 28 November 2007, the issue of bonus shares was approved. On 10 December 2007, a total number of 29,856,801 ordinary shares were allotted and issued to the shareholders of the Company.

A total number of 3,785,000 share options were exercised and ordinary shares for the same was allotted before 31 December 2007. Details of the share options exercised for the six months ended 31 December 2007 are disclosed under the section headed "Share Option Scheme".

As a result, the total number of issued ordinary shares of the Company of HK\$0.10 each was 2,419,100,951 as at 31 December 2007.

CHARGE ON ASSETS

At 31 December 2007, the Group had total banking facilities amounting to RMB75 million which were secured by a corporate guarantee provided by one of the subsidiaries and, at that date, the Group has utilised RMB3 million of such banking facilities.

The shares of certain subsidiaries of the Group were pledged for the issuance of the guaranteed senior notes and the convertible bonds.

POLICIES ON AND PERFORMANCE RELATING TO COMMUNITY, SOCIETY, MORAL AND REPUTATION ISSUES

Our core values are reflected in commitment of "sustainable growth and mutual prosperity". As a corporate citizen, Chaoda is committed to fulfill its social responsibilities. Its business model and stringent quality tracking system not only increase farmers' income, but also ensure the food quality and safety. Moreover, its green farming methods effectively protect and improve the environment. While benefiting from the opportunities offered by the society, the Company cares about the needs of the society and the disadvantaged. We take initiatives to give back to the society through donations, make contribution to it and promote social harmony. We believe that a corporate development must be reconciled with the social development in order to be sustainable. Only through observing our responsibilities to the society can we gain its support. It is our firm intention to fulfill corporate social responsibilities and we will move forward in this direction.

EMPLOYEES

The Group continued its effort in building up a dedicated and competent team to work for the mission of developing industrialised agriculture. As at 31 December 2007, the Group employed approximately 20,021 employees (31 December 2006: 16,090 employees), of which 18,633 were employees worked on the farmlands (31 December 2006: 14,635 farmland employees).

The remuneration of the employees is determined by reference to their respective positions, duties and responsibilities in the Group. Apart from basic salaries, various benefits are provided to the employees including share options, discretionary bonus, subsidies, pension and insurance. Training programmes are frequently provided to the employees to explore their potential and to enhance their contribution to future growth of the Group.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2007, the interests of the directors 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 (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Listing Rules were as follows:

Long Positions in Shares of the Company

Name of director	Number of shares held			Total	Percentage of issued share capital recorded in the register
	Personal interests	Family interests	Corporate interests		
Mr. Kwok Ho	—	—	617,369,850 (Note)	617,369,850	25.52%
Mr. Chan Chi Po, Andy	305,893	—	—	305,893	0.01%

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

Long Positions in Underlying Shares of the Company

Share Options in the Company

Name of directors	Date of grant	Exercisable period		Exercise price		Number of share options		
				Before adjustment	After adjustment	Balance as at 01/07/2007	Adjusted during the period	Balance as at 31/12/2007
				Starting	Ending	HK\$	HK\$	
Mr. Kwok Ho	28/01/2003	01/07/2003	to 27/01/2013	1.580	1.560	21,000,000	262,500	21,262,500
	28/01/2003	01/01/2004	to 27/01/2013	1.580	1.560	21,000,000	262,500	21,262,500
	28/01/2003	01/01/2005	to 27/01/2013	1.580	1.560	21,000,000	262,500	21,262,500
Mr. Ip Chi Ming	17/08/2005	17/08/2007	to 16/08/2015	3.090	—	600,000	—	—
	17/08/2005	17/08/2008	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
	17/08/2005	17/08/2009	to 16/08/2015	3.090	3.052	600,000	7,500	607,500

(Note 2)

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES (Continued)

Long Positions in Underlying Shares of the Company (Continued)

Share Options in the Company (Continued)

Name of directors	Date of grant	Exercisable period Starting Ending		Exercise price		Number of share options		
				Before	After	Balance	Adjusted	Balance
				adjustment	adjustment	as at	during	as at
				HK\$	HK\$	01/07/2007	the period	31/12/2007
					(Note 1)		(Note 1)	
Dr. Lee Yan	28/01/2003	01/07/2003	to 27/01/2013	1.580	1.560	2,100,000	26,250	2,126,250
	24/06/2003	01/07/2003	to 23/06/2013	1.090	1.077	1,075,000	13,438	1,088,438
	04/11/2005	04/11/2005	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2006	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2007	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2008	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2009	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
Ms. Wong Hip Ying	28/01/2003	01/07/2003	to 27/01/2013	1.580	—	575,000	—	—
								(Note 3)
	19/06/2003	01/07/2003	to 18/06/2013	1.080	—	100,000	—	—
								(Note 3)
	04/11/2005	04/11/2005	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2006	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2007	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2008	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2009	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
Mr. Fong Jao	28/01/2003	01/07/2003	to 27/01/2013	1.580	1.560	1,600,000	20,000	1,620,000
	19/06/2003	01/07/2003	to 18/06/2013	1.080	1.067	1,600,000	20,000	1,620,000
	04/11/2005	04/11/2006	to 03/11/2015	2.965	2.928	200,000	2,500	202,500
	04/11/2005	04/11/2007	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2008	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
	04/11/2005	04/11/2009	to 03/11/2015	2.965	2.928	400,000	5,000	405,000
Mr. Chen Jun Hua	19/06/2003	01/07/2003	to 18/06/2013	1.080	1.067	39,900	498	40,398
	28/05/2004	01/01/2005	to 27/05/2014	2.400	2.370	1,000,000	12,500	1,012,500
	17/08/2005	17/08/2006	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
	17/08/2005	17/08/2007	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
	17/08/2005	17/08/2008	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
	17/08/2005	17/08/2009	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
Mr. Chan Chi Po, Andy	17/08/2005	17/08/2007	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
	17/08/2005	17/08/2008	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
	17/08/2005	17/08/2009	to 16/08/2015	3.090	3.052	600,000	7,500	607,500
Total:						82,489,900	1,015,186	82,230,086

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(Continued)*

Long Positions in Underlying Shares of the Company *(Continued)*

Share Options in the Company *(Continued)*

Notes:

1. Following the issue of bonus shares on 10 December 2007 on the basis of one bonus share for every eighty then existing issued shares, the exercise price and the number of shares to be issued upon full exercise of the options granted were adjusted.
2. During the period under review, Mr. Ip Chi Ming had exercised 600,000 share options granted to him and the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$6.09.
3. During the period under review, Ms. Wong Hip Ying had exercised a total of 675,000 share options granted to her and the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$5.64.

Save as disclosed above, as at 31 December 2007, none of the directors or their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2007, according to the register maintained by the Company in accordance with Section 336 of the SFO, the following parties (other than the directors of the Company) were, directly or indirectly, beneficially interested in 5% or more of the issued share capital and underlying shares of the Company:

Name	Capacity	Number of shares held (Note 1)	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note 2)	Beneficial owner	617,369,850 (L)	25.52%
Janus Capital Management LLC	Investment manager	220,108,000 (L)	9.24%
UBS AG (Notes 3 to 4)	Beneficial owner	152,760,233 (L)	6.32%
	Controlled corporation and Person having a security in shares	83,683,813 (S)	3.46%
Allianz SE (Note 5)	Controlled corporation	240,000 (L)	0.01%
	Custodian corporation/ approved lending agent	224,581,743 (L)	9.41%

Notes:

- The letter "L" denotes a party's long position in such securities while the letter "S" denotes a party's short position in such securities.
- Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability which is legally, beneficially and wholly owned by Mr. Kwok Ho.
- UBS AG was the beneficial owner of 146,746,895 (L) shares and, through corporations it controlled, UBS AG held 6,013,338(L) shares. It included interests in 31,737,585(L) underlying shares held through certain listed physically settled equity derivatives and 35,885,169(L) underlying shares held through its holding of certain unlisted physically settled equity derivatives.
- UBS AG was the beneficial owner of 75,405,137 (S) shares and had a security interest in 8,278,676 (S) shares. It included interests in 40,277,236 (S) underlying shares held through certain listed physically settled equity derivatives and 36,697,168 (S) underlying shares held through its holding of certain unlisted equity derivatives (physically settled - 35,885,168 (S) underlying shares and cash settled - 812,000 (S) underlying shares).
- 240,000 (L) shares were held by corporations controlled by Allianz SE and 224,581,743 (L) shares were in a lending pool held by corporations controlled by Allianz SE.

OTHER INFORMATION

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 19 June 2002 and its principal terms were summarised and set out in the Company's 2006/2007 annual report.

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

Name or category of participant	Date of grant	Exercisable period		Exercise price		Balance as at 01/07/2007	Number of share options		Balance as at 31/12/2007	Weighted average closing price
		Starting	Ending	Before adjustment	After adjustment		Adjusted during the period	Exercised during the period		
				HK\$	HK\$		(Note 1)	(Note 2)	(Note 3)	(Note 4)
Directors						82,489,900	1,015,186	1,275,000	82,230,086	
(Note 5)										
Employees:										
<i>In aggregate</i>	19/06/2003	01/07/2003	to 18/06/2013	1.080	1.067	1,450,050	18,126	—	1,468,176	—
	28/05/2004	01/01/2005	to 27/05/2014	2.400	2.370	2,000,000	25,000	—	2,025,000	—
	28/05/2004	01/01/2006	to 27/05/2014	2.400	2.370	480,000	3,500	200,000	283,500	6.99
	28/05/2004	01/01/2007	to 27/05/2014	2.400	2.370	500,000	6,250	—	506,250	—
	17/08/2005	17/08/2005	to 16/08/2015	3.090	3.052	200,000	2,500	—	202,500	—
	17/08/2005	17/08/2006	to 16/08/2015	3.090	3.052	200,000	2,500	—	202,500	—
	17/08/2005	17/08/2007	to 16/08/2015	3.090	3.052	400,000	4,500	40,000	364,500	6.99
	17/08/2005	01/09/2007	to 16/08/2015	3.090	3.052	1,400,000	12,500	600,000	812,500	7.16
	17/08/2005	17/08/2008	to 16/08/2015	3.090	3.052	400,000	5,000	—	405,000	—
	17/08/2005	01/09/2008	to 16/08/2015	3.090	3.052	1,400,000	17,500	—	1,417,500	—
	17/08/2005	17/08/2009	to 16/08/2015	3.090	3.052	400,000	5,000	—	405,000	—
	17/08/2005	01/09/2009	to 16/08/2015	3.090	3.052	1,400,000	17,500	—	1,417,500	—
	17/08/2005	01/09/2010	to 16/08/2015	3.090	3.052	1,400,000	17,500	—	1,417,500	—
	01/11/2005	01/11/2005	to 31/10/2015	2.950	2.914	440,000	5,500	—	445,500	—
	01/11/2005	01/11/2006	to 31/10/2015	2.950	2.914	1,040,000	10,500	200,000	850,500	6.99
	01/11/2005	01/11/2007	to 31/10/2015	2.950	2.914	1,352,000	16,400	80,500	1,287,900	6.98
	01/11/2005	01/11/2008	to 31/10/2015	2.950	2.914	1,352,000	16,900	—	1,368,900	—
	01/11/2005	01/11/2009	to 31/10/2015	2.950	2.914	1,352,000	16,900	—	1,368,900	—
	31/08/2006	01/04/2007	to 30/08/2016	4.040	3.990	20,310,000	240,125	1,549,500	19,000,625	7.02
	31/08/2006	01/04/2008	to 30/08/2016	4.040	3.990	23,000,000	287,500	—	23,287,500	—
	31/08/2006	01/04/2009	to 30/08/2016	4.040	3.990	23,000,000	287,500	—	23,287,500	—
	31/08/2006	01/04/2010	to 30/08/2016	4.040	3.990	23,000,000	287,500	—	23,287,500	—
	31/08/2006	01/04/2011	to 30/08/2016	4.040	3.990	23,000,000	287,500	—	23,287,500	—
Other Participants:										
<i>In aggregate</i>	01/11/2005	01/11/2007	to 31/10/2015	2.950	—	200,000	—	200,000	—	6.99
	01/11/2005	01/11/2008	to 31/10/2015	2.950	2.914	200,000	2,500	—	202,500	—
	01/11/2005	01/11/2009	to 31/10/2015	2.950	2.914	200,000	2,500	—	202,500	—
	31/08/2006	01/04/2007	to 30/08/2016	4.040	3.990	270,000	3,000	30,000	243,000	7.27
	31/08/2006	01/04/2008	to 30/08/2016	4.040	3.990	1,000,000	12,500	—	1,012,500	—
	31/08/2006	01/04/2009	to 30/08/2016	4.040	3.990	1,000,000	12,500	—	1,012,500	—
	31/08/2006	01/04/2010	to 30/08/2016	4.040	3.990	1,000,000	12,500	—	1,012,500	—
	31/08/2006	01/04/2011	to 30/08/2016	4.040	3.990	1,000,000	12,500	—	1,012,500	—
Total:						216,835,950	2,666,887	4,175,000	215,327,837	

SHARE OPTION SCHEME *(Continued)*

Notes:

1. Following the issue of bonus shares on 10 December 2007 on the basis of one bonus share for every eighty then existing issued shares, the exercise price of the options granted and the number of shares to be issued upon full exercise of the options granted were adjusted.
2. Shares for 3,785,000 exercised share options were allotted during the period under review. Shares for 390,000 share options exercised in December 2007 were allotted to the option holders in January 2008.
3. No share options have been granted, cancelled or lapsed during the six months ended 31 December 2007.
4. This represents weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised. A total of 4,175,000 share options were exercised during the six months ended 31 December 2007 and the weighted average closing price of the share immediately before the dates on which the share options were exercised was approximately HK\$6.68.
5. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' Interests in Securities".
6. The above share options granted were recognised as expenses in the accounts in accordance with the Company's accounting policy. The fair values of the share options granted were estimated using the Binomial Option Pricing Model. The Binomial Option Pricing Model required input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2007 (six months ended 31 December 2006: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2007.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements of the Group for the six months ended 31 December 2007 have been reviewed by the Company's Audit Committee and the Company's auditors, Grant Thornton.

OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2007, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code"), save and except that the roles of the chairman and the chief executive officer are not separate as required under code provision A.2.1 of the Code. The Company is of the view that it is in the best interest of the Company that Mr. Kwok Ho, with his profound knowledge and expertise in agriculture business, shall continue his dual capacity as the Chairman and Chief Executive Officer of the Company.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon making enquiry by the Company, all of the directors have confirmed that they have complied with the standards set out in the Model Code during the six months ended 31 December 2007.

On behalf of the Board

Kwok Ho

Chairman

Hong Kong, 26 March 2008