Asian Citrus Holdings Limited

亞 洲 果 業 控 股 有 限 公 司*

(incorporated in Bermuda with limited liability)

Stock Code : 73

LISTING BY WAY OF INTRODUCTION

Sponsor

CLSA Equity Capital Markets Limited

* For identification purposes only

IMPORTANT

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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

(incorporated in Bermuda with limited liability)

LISTING BY WAY OF INTRODUCTION OF THE ENTIRE ISSUED SHARE CAPITAL ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Nominal value : HK$0.01 per Share
Stock code : 73

Sponsor

CLSA Equity Capital Markets Limited

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This document is published in connection with the listing by way of introduction of the entire issued share capital of the Company on the HKSE. This document contains particulars given in compliance with the Listing Rules and the Securities and Futures (Stock Market Listing) Rules of Hong Kong for the purpose of giving information with regard to the Company.

This document does not constitute an offer for sale of, nor is it calculated to invite offers for, the Shares or other securities of the Company, nor have any such Shares or other securities been allotted with a view to any of them being offered for sale to members of the public. No new Shares will be issued, offered or sold in any jurisdiction in connection with, or pursuant to, the publication of this document.

Your attention is drawn to the section headed "Risk Factors" in this document.

* *For identification purposes only*

23 November 2009

EXPECTED TIMETABLE

If there is any change in the following expected timetable, the Company will issue an announcement in Hong Kong.

	Date (1)
Dealings in Shares on the HKSE to commence on	26 November 2009
Latest time for existing Shareholders to submit removal request form and UK Share certificates for Shares to be removed to Hong Kong Share Register free of charge	3 December 2009

Note:

(1) All times refer to Hong Kong local time, except as otherwise stated.

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IMPORTANT

You should rely only on the information contained in this document with regard to the Company. The Company has not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on as having been authorised by the Company, the Sponsor, any of their respective directors, agents, employees, advisers or affiliates, or any other person or party involved in the Listing.

CONTENTS

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. English laws and regulations differ in some respects from comparable Hong Kong laws and regulations. Shareholders and prospective investors should consult their own legal advisers for advice concerning their legal obligations in England.

OVERVIEW

According to the Guangxi Citrus Research Institute, the Group was, as at 30 June 2009, the single largest orange plantation owner and the single largest orange producer in the PRC. The Group is engaged in the cultivation, production and sale of oranges and currently owns and operates orange plantations in the PRC. The Group has two operational orange plantations in the PRC occupying in total approximately 102,000 mu (equivalent to approximately 68.0 sq.km.) of land, with approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu county of the Guangxi Zhuang Autonomous Region, the Hepu Plantation, and approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) in the Xinfeng county of the Jiangxi province, the Xinfeng Plantation.

The Directors believe, based on their experience of the PRC orange market, notwithstanding that the Group's annual output of oranges for the year ended 30 June 2009 accounted for approximately 2.8% of the annual output of the PRC in 2008 as estimated by the USDA, the Group has legal rights to and do control the largest area of land under cultivation for oranges in the PRC.

According to a ranking certificate dated 18 September 2009 issued by the Citrus Research Institute which is directly subordinated to the Chinese Academy of Agricultural Sciences, MOA, the Group is stated to have a total land area of approximately 102,000 mu (equivalent to approximately 68.0 sq.km.) under cultivation and is several times larger than its next closest domestic competitors in terms of land area under cultivation.

The Group currently cultivates and sells two types of oranges, namely Winter Oranges (mainly Hamlin, Navel and Hong Jiang oranges) and Summer Oranges (Valencia oranges). Except for Hong Jiang, all of the Group's oranges were originated from the US. The Group sold its oranges mainly to corporate customers, wholesalers and supermarkets.

The Group registered the brand name "新雅奇" in the PRC in 2002 and started using the brand name "Royal Star 新雅奇" when it first commenced sales to supermarkets around 2005. The Group did not register the name "Royal Star" at the same time as its oranges were only sold in the PRC market and the focus was more on the recognition of its Chinese brand name "新雅奇". Having regard to the Listing and the future development of the Group, the Directors have considered it appropriate to also register the name "Royal Star" as a trade mark of the Group and have made the relevant application with the PRC trademark authorities on 25 September 2009. Since the establishment of the Group's own brand "Royal Star 新雅奇", the Group started to sell its oranges in packaged boxes printed with the Group's logo which creates consumer awareness.

To secure additional supplies to meet the expected increase in demand for oranges in the PRC, the Group has identified Dao county in Hunan province as a suitable site for the development of a third orange plantation which will occupy approximately 53,000 mu (equivalent to approximately 35.3 sq.km.) of land, the Hunan Plantation. The Company has commenced basic infrastructure work on the Hunan Plantation since 2008.

Since March 2006, the Group has begun to establish an agricultural wholesale market and orange processing centre located in the Xinfeng county of Jiangxi province. The Xinfeng Development will consist of approximately 650 retail units to be sold to local producers who may use the market frontage to sell their own produce, and is being developed in three phases with the first phase development comprising of 238 retail units having been completed during the year ended 30 June 2008. The Xinfeng Development is intended to support the orange plantation business by developing a centralised agricultural wholesalers' market and orange processing centre where the Group and other orange producers in Xinfeng can sell and process their oranges, thereby providing the Group with a forum to collect and exchange market information on oranges. The Group's strategy remains focused on the cultivation, production and sale of oranges and the development of the Xinfeng Development is ancillary to the main business of the Group. The Directors do not intend to make the development of property a substantial component of the Group's business.

During the years ended 30 June 2007, 2008 and 2009, the Group produced and sold 121,091 tonnes, 130,308 tonnes and 152,059 tonnes of oranges, respectively, and generated revenue of RMB479.7 million, RMB527.0 million and RMB634.9 million during the respective years.

COMPETITIVE STRENGTHS

The principal competitive strengths of the Group, in the opinion of the Directors, are set out below:

- The Group produces high quality oranges and has strict quality control measures to ensure the quality of its produce
- The Group has strong research and development capacity for cultivating new species of oranges and ensuring the successful growth of plantations and production
- There are high barriers to entry for both local and overseas potential new producers of oranges
- The Group has experienced management teams with proven track record of delivering sustainable growth and profitability

STRATEGIES

Set out below are the Group's core strategies:

- The Group focuses on increasing profitability by growing sales to supermarkets and expanding sales network into new cities in the PRC
- The Group focuses on increasing volume through higher production levels and sourcing from third parties
- The Group will expand vertically by developing the nursery business
- The Group will focus on building a national brand in the PRC

RISK FACTORS

There are certain risks involved in the Group's operations, many of which are beyond the Group's control. These risks are set out in the section headed "Risk Factors" in this document and are summarised below:

Risks relating to the business of the Group

- Increases in the cost of sales may adversely affect the profitability of the Group
- The Group relies on a single supplier of packaging materials and a limited group of suppliers to supply certain other raw materials. Any deterioration in the Group's relationship with these suppliers may adversely affect the Group's production and profitability
- If the relationship with the Group's major customers is adversely affected, it may adversely affect the Group's sales and financial performance
- If there are contract breaches in respect of the Hepu Leases and Xinfeng Lease, this may adversely affect the Group's operations and financial performance
- The Group's success depends on its ability to attract and retain its key management personnel, operational and technical staff
- Changes in the tax rates or revocation of tax exemptions may adversely affect the Group's profitability
- Failure to implement the Group's strategy could adversely affect the Group's operations and business
- Reliance on one agricultural produce
- Inability of the Group to prevent unauthorised use of its brand name and logo could harm the Group's business and results of operations

Risks relating to the industry in which the Group operates

- Risk of oranges being treated or contaminated with harmful substances by way of pesticides which may affect the consumption of oranges and therefore adversely affect the sale of oranges and financial performance of the Group
- Natural disasters and substantial disruption in the operations of the Group may have a material adverse impact on the Group's revenue and financial performance
- Disruption in the operations during or near the Group's harvest seasons may have a material adverse impact on the Group's revenue and financial performance
- The Group's success depends on its ability to compete with its competitors
- The Group's produce may be affected by environmental pollution
- The Group's results may fluctuate due to revaluation gains or losses on its biological assets

Risks relating to conducting business in the PRC

- Restriction of payment of dividends and distribution of profits from, as well as transfer of funds to the Group's PRC subsidiaries may adversely affect dividends received by the Shareholders

- Dividends payable to investors and gains on the sale of the Shares may become subject to withholding taxes under PRC tax laws which may adversely affect the value and gains of investment in the Shares

- The Group's PRC subsidiaries are subject to existing restrictions on paying dividends or making other distributions to the Company and changes in foreign exchange regulations may adversely affect the business, financial condition and results of operations of the Group

- PRC regulations on direct investment and loans by offshore holdings companies to PRC entities may delay or limit the Company from making loans to its PRC subsidiary

- Changes in political and economic policies of the PRC Government could affect the Group's business and results of operations

- There are uncertainties regarding the interpretation and enforcement of the PRC laws and regulations

- Devaluation or appreciation in the value of the Renminbi could adversely affect the Group's profits

Risks relating to the Listing

- There may be limited liquidity in the Shares and volatility in the price of the Shares

- The characteristics of the London Markets and the Hong Kong share market are different

- The Company is a Bermuda-incorporated, AIM and PLUS Market traded company governed by Bermudian laws and regulations

- AIM

- PLUS Market

REMOVAL OF SHARES FROM THE JERSEY SHARE REGISTER TO THE HONG KONG SHARE REGISTER AND TRADING OF SHARES ON THE STOCK EXCHANGE

The Shares are currently registered on the Jersey Share Register for the purposes of trading on AIM and the PLUS Market. In order for Shares to be traded on the Stock Exchange, it will be necessary for such Shares to be removed from the Jersey Share Register to the Hong Kong Share Register, and only certificates for Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the Stock Exchange.

The principal procedures for removal of Shares from the Jersey Share Register to the Hong Kong Share Register are as follows:

1 If the Shares are registered in the name of the Shareholder, the Shareholder will need to complete a removal request form which is available from the Jersey Share Registrar or the Hong Kong Share Registrar and submit the same together with the relevant Share certificate(s) and fees involved as prescribed by the Jersey Share Registrar from time to time to the Jersey Share Registrar.

  If the Shares are held in the form of Depositary Interests, they must first be re-materialised and a duly completed removal request form must be submitted to the Jersey Share Registrar together with the prescribed fees. For details of procedure for re-materialising Shares, please see "Procedure for re-materialising Shares From Depository Interests" under "Listings, Registration, Dealings and Settlement".

2 Upon receipt of the removal request form and the relevant Share certificate(s), the Jersey Share Registrar will take all actions necessary to effect the transfer and removal of Shares from the Jersey Share Register to the Hong Kong Share Register.

3 Upon completion of the actions necessary to effect the transfer and removal of Shares from the Jersey Share Register to the Hong Kong Share Register, the Hong Kong Share Registrar will issue certificates for Shares to the Shareholder.

Assuming the Shares can be delivered on the same date that the Share certificate(s) is ready and deposited to the Jersey Share Register for removal to the Hong Kong Share Register, the total time required for Shareholders holding Shares on AIM (ie in the CREST system) to be able to have the Share certificate ready in the Hong Kong Share Register (i.e. being calculated commencing from the time the broker in the UK has input the message for stock withdrawal into the CREST system to the time where the Share certificate is available to be collected by Shareholders in Hong Kong) will normally be completed in seven to eight Business Days.

Upon receiving the Share certificates from the Hong Kong Share Registrar, Shareholders who wish to trade in the Shares on the Stock Exchange will need to either (i) deposit the Shares in their stock account or in their designated CCASS Participant's stock account maintained with CCASS; or (ii) deliver the Share certificates and the duly executed transfer forms to their respective brokers for deposit into CCASS before the settlement date. For a Shareholder in Hong Kong who has deposited its Shares in its stock account or in its designated CCASS Participant's stock account maintained with

CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. The time required for brokers to process the deposit of Share certificates would vary between individual brokers and Shareholders should therefore consult their respective brokers and make appropriate arrangements. For details of the settlement date and time required for such settlement, please refer to the paragraph "HKSE Settlement" in "Listings, Registration, Dealings and Settlement" section of this document.

As at 19 November 2009, Shareholders (excluding Market Ahead and Huge Market) holding in aggregate of 80,556,200 Shares (representing approximately 10.5% of the entire issued share capital of the Company as at the Latest Practicable Date) have made arrangements to remove their respective Shares from the Jersey Share Register to the Hong Kong Share Register for the purpose of trading on the Stock Exchange. It is expected that these 80,556,200 Shares will be registered with the Hong Kong Share Register by 26 November 2009 for the purposes of trading on the Stock Exchange.

For more details, please refer to the sections headed "Risks Factor — Risks Relating to the Listing", "Share Capital" and "Listings, Registration, Dealings and Settlement" of this document.

REASONS FOR THE INTRODUCTION

The Shares (then shares of HK$0.10 each) have been admitted to trading on AIM since 3 August 2005 and have been trading on the PLUS Market since 23 May 2008. The Directors consider that it is desirable and beneficial for the Company to have a primary listing status in Hong Kong as well as maintaining its trading status on AIM and the PLUS Market so that the Company can have ready access to these different equity markets in Europe and Asia when the opportunity arises. The two markets also attract different investor profiles thereby widening the investor base of the Company, in particular, a Hong Kong listing will further enhance the Company's profile in Hong Kong and the PRC, facilitate investment by Hong Kong investors and enable the Company to gain access to Hong Kong's capital markets and to benefit from its exposure to a wider range of private and institutional investors. The Directors believe that the Listing is in line with the Group's focus on the development and expansion of its operations and business, particularly the Group's operations are principally located in the PRC.

FUNDRAISING AND ADMISSION TO AIM

On 14 July 2005 and prior to the Company's admission to AIM, convertible bonds due in 2008 in the aggregate principle amount of HK$100 million were issued by the Company to, through its nominee holder Robinson & Company, Metage Funds Limited (as to HK$55 million), Metage Special Emerging Markets Funds Limited (as to HK$25 million) and Mr. Yim Hin Keung, an Independent Third Party, (as to HK$20 million), as consideration for the cancellation of the convertible bonds due 2008 in the aggregate principle amount of HK$100 million, which were previously issued on 16 March 2005 by Newasia. Such convertible bonds due 2008 have been fully converted by March 2007.

The Shares (then shares of HK$0.10 each) commenced trading on AIM on 3 August 2005 with ticker (AIM: ACHL). Following the Company's admission to trading on AIM and the placing of 9,072,813 new Shares (then shares of HK$0.10 each) at a price of 112 pence per Share to the public in the UK, the Group raised net proceeds of approximately £10.1 million. In March 2007, the Company issued

8,333,333 new Shares (then shares of HK$0.10 each) at a price of 240 pence per Share to the public in the UK and raised net proceeds of approximately £18.0 million. The Group's admission to AIM has given the Group opportunities to access international capital markets and has enhanced its presence and reputation in the commercial market place. On 23 May 2008, the Shares (then shares of HK$0.10 each) were admitted to trading on the PLUS Market.

As at the Latest Practicable Date, the Company had a market capitalisation of approximately £354.5 million.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Consolidated Income Statements

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	479,728	533,775	668,529
Net gain on change in fair value of biological assets	133,172	165,000	210,631
Other income	3,294	—	—
Inventories used	(122,455)	(160,229)	(222,917)
Staff costs	(34,973)	(37,612)	(49,382)
Amortisation	(3,313)	(3,450)	(4,557)
Depreciation	(24,270)	(48,415)	(57,141)
Other operating expenses	(55,443)	(85,938)	(102,726)
Profit from operations	375,740	363,131	442,437
Interest income	2,649	5,982	2,105
Finance costs	(4,390)	(13)	(12)
Net finance (costs)/income	(1,741)	5,969	2,093
Share of loss of associates	(14)	(1,359)	(368)
Impairment loss on interests in associates	—	—	(1,896)
Profit before income tax	373,985	367,741	442,266
Income tax (expense)/credit	(55,280)	31,552	(2,205)
Profit for the year attributable to shareholders	318,705	399,293	440,061
Proposed final dividend	50,454	59,486	61,645
	RMB	*RMB*	*RMB*
Earnings per share			
- Basic	4.88	5.38	5.81
- Diluted	4.87	5.37	5.81

SUMMARY

Consolidated Balance Sheets

	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	812,491	999,155	1,083,758
Land use rights	34,850	48,101	56,085
Construction-in-progress	150,927	120,468	79,021
Biological assets	765,511	931,209	1,142,025
Deferred development costs	12,000	22,600	30,700
Interests in associates	5,074	2,216	—
Deferred tax assets	4,672	—	—
	1,785,525	2,123,749	2,391,589
Current assets			
Biological assets	7,688	16,787	54,638
Properties for sale	54,080	54,305	34,111
Inventories	1,573	1,487	639
Trade and other receivables	14,324	19,897	14,901
Income tax recoverable	—	1,073	—
Cash and cash equivalents	344,513	309,952	461,241
	422,178	403,501	565,530
Total assets	2,207,703	2,527,250	2,957,119
EQUITY AND LIABILITIES			
Equity			
Share capital	7,758	7,785	8,028
Reserves	2,100,725	2,461,499	2,897,295
	2,108,483	2,469,284	2,905,323
Non-current liabilities			
Deferred tax liabilities	47,559	—	—
Current liabilities			
Trade and other payables	18,745	56,166	48,735
Due to a related party	2,610	1,800	2,754
Income tax payable	30,306	—	307
	51,661	57,966	51,796
Total liabilities	99,220	57,966	51,796
Total equity and liabilities	2,207,703	2,527,250	2,957,119
Net current assets	370,517	345,535	513,734
Total assets less current liabilities	2,156,042	2,469,284	2,905,323

The following table sets out the Group's capital expenditures in each of its plantation for the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Hepu Plantation	28,472	122,086	63,261
Xinfeng Plantation	168,749	88,932	33,940
Hunan Plantation	—	531	15,108
Total	197,221	211,549	112,309

DIVIDEND AND DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Board and any final dividend for the year is subject to the recommendation of the Board and approval of the Shareholders. The Directors may recommend dividends in the future after taking into account the Group's operations, earnings, financial conditions, cash requirements and availability and other factors as they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the Bye-laws, including the approval of its Shareholders (in the case of final dividends). Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

Future dividend payments will also depend upon the availability of dividends received from the Group's subsidiaries in the PRC. As the amount of retained profits available for declaration of dividends as at 30 June 2009 in respect of members of the Group outside the PRC was approximately RMB615 million (being the retained profits that were accumulated in members of the Group outside the PRC before 31 December 2007) and the dividends declared for the year ended 30 June 2009 was approximately RMB61.6 million, the Directors consider that the amount of retained profits available for declaration of dividends would be sufficient for the purposes of declaring dividends over the next five years and therefore the Directors does not expect its PRC subsidiaries to declare dividends from the retained profits accumulated after 31 December 2007 in the foreseeable future. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Group's subsidiaries may also be restricted if they incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Group or its subsidiaries and associated companies may enter into in the future.

LISTING RULES AND AIM RULES

A summary of the principal differences between the continuing obligations pursuant to the Listing Rules and the AIM Rules is set out in the section headed "AIM Rules and Relevant UK Legislation — Principal differences between the continuing obligations pursuant to the Listing Rules and the AIM Rules" in Appendix III to this document.

DISCLOSURE OF INTEREST REQUIREMENTS UNDER AIM RULES AND BYE-LAWS

The Company must announce relevant changes to holdings by significant Shareholders (Shareholders holding 3% or more) and Directors, insofar as it has such information.

The Bye-laws provide that any person is obliged to notify the Company when they acquire an interest of 3% or more of any class of the Company's shares and to otherwise comply with provisions similar to those contained in Chapter 5 (Vote Holder and Issuer Notification Rules) of the Disclosure Rules and Transparency Rules dated April 2007, as published by the FSA. Notification must be made within two days following the day on which the obligation arises and a further notification must be made following any subsequent change to the nature of the relevant interests in such shares.

Under the Bye-laws, certain disenfranchise provisions apply if a person so interested fails to make the necessary disclosure.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Access Fortune"	Access Fortune Investments Limited, a company incorporated under the laws of the BVI with limited liability on 18 July 2005 and a direct wholly-owned subsidiary of the Company
"AIM"	AIM, a market operated by the LSE
"AIM Rules"	the rules for AIM companies published by the LSE
"Asian Citrus HK"	Asian Citrus (H.K.) Company Limited 亞洲果業(香港)有限公司, a company incorporated under the Companies Ordinance with limited liability on 13 October 2004 and an indirect wholly-owned subsidiary of the Company
"Asian Citrus Management"	Asian Citrus Management Company Limited, a company incorporated under the laws of the BVI with limited liability on 18 June 2003 and wholly-owned by Newasia and an indirect wholly-owned subsidiary of the Company
"Asian Fruits"	Asian Fruits Limited, a company incorporated under the laws of the BVI with limited liability on 12 August 2005 and owned as to 46% by Access Fortune, 44% by Calfruits Company Limited, 5% by Reach Sky Investments Limited and 5% by Jet All Trading Limited
"Asian Fruits Trading"	亞洲鮮果(東莞)貿易有限公司 Asian Fruits Trading (Dongguan) Limited, a foreign investment enterprise established under the laws of the PRC with limited liability on 27 October 2006 and a wholly-owned subsidiary of Asian Fruits
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Audit Committee"	a committee of the Board formed to review and monitor the financial affairs of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda
"Bermuda Share Register"	the Company's share register in Bermuda operated by the Bermuda Share Registrar
"Bermuda Share Registrar"	Butterfield Fund Services (Bermuda) Limited
"Board"	the board of Directors

"Business Day"	a day which is not a Saturday, a Sunday or a public holiday and on which licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of the Company
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, which may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCASS Rules"	the General Rules of CCASS and the CCASS Operational Procedures
"Chaoda"	Chaoda Modern Agriculture (Holdings) Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 682)
"CLSA" or "Sponsor"	CLSA Equity Capital Markets Limited, a licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
"Combined Code"	the code of best practice including the principles of good governance published in June 2008 by the UK Financial Reporting Council
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	Asian Citrus Holdings Limited 亞洲果業控股有限公司*, an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003

* *For identification purposes only*

"Connected Person(s)"	any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and for the purposes of this document, refers to each of Market Ahead and the Tong Family Shareholders being the ultimate beneficial owners of Market Ahead
"Co-operation Agreement"	the written agreement entered into between the Hepu Government and Newasia on 6 March 2000, pursuant to which, among other things, the Hepu Government agreed to assist Newasia in leasing and developing the Hepu Plantation
"CREST"	the relevant system (as defined in the UK Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the UK Uncertificated Securities Regulations 2001)
"Depositary"	Computershare Investor Services plc
"Depositary Interests" or "DIs"	depositary interests in respect of the underlying Shares
"Director(s)"	the director(s) of the Company
"EIT"	enterprise income tax of the PRC
"EU"	the European Union
"Existing Share Options"	existing options granted over the Shares (then shares of HK$0.10 each), details of which are set out in "D. Other Information — 1. Share Option Scheme" in Appendix IV to this document
"FIE"	foreign-invested enterprise
"FSA"	the United Kingdom Financial Services Authority
"FSMA"	the UK Financial Services and Markets Act 2000 as amended
"Fujian Chaoda Group"	Fujian Chaoda Group Limited, a limited liability company established in the PRC and owned as to 95% by Mr. Kwok Ho (a director of Lucky Team (Hepu), Litian (Xinfeng) and Newasia)
"GDP"	gross domestic product
"CGFDC"	China Green Food Development Centre

"Group"	the Company and its subsidiaries
"Hepu Government"	中華人民共和國廣西壯族自治區合浦縣人民政府 (The People's Government of Hepu county of the Guangxi Zhuang Autonomous Region in the PRC)
"Hepu Leases"	the original lease dated 6 March 2000 between the relevant legal land owners and Newasia in respect of the land at the Hepu Plantation, as amended by a supplemental agreement entered into between the same parties on 16 July 2009, pursuant to which the parties agreed for Newasia to lease the land at the Hepu Plantation and for Lucky Team (Hepu) to use and operate the Hepu Plantation for a period 50 years ending on 25 June 2050
"Hepu Plantation"	the Group's plantation located in the Hepu county, Guangxi Zhuang Autonomous Region in the PRC
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HKSE" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Share Register"	the Company's share register in Hong Kong operated by the Hong Kong Share Registrar
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huge Market"	Huge Market Investments Limited, a company incorporated under the laws of the BVI with limited liability on 2 January 2001 and wholly-owned by Chaoda
"Hunan Leases"	the agreement dated 28 May 2007 entered into between the Dao county government and Newasia in respect of the proposed lease of land at the Hunan Plantation and the formal lease agreements entered into between the relevant collective legal land owners and Newasia in respect of approximately 5,000 mu (equivalent to approximately 3.3 sq.km.) of land for a period of 50 years ending on 31 May 2058 and a further area of approximately 7,000 mu (equivalent to approximately 4.7 sq.km.) for a period of 50 years ending on 29 February 2059

"Hunan Plantation"	the Group's plantation located in the Dao county, Hunan province in the PRC
"IAS"	International Accounting Standards
"IFRS"	the International Financial Reporting Standards, which include standards and interpretations approved by the International Accounting Standards Board (IASB), and the IAS and interpretations issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	persons who are not Connected Persons
"Jersey Share Register"	the Company's share register in Jersey operated by the Jersey Share Registrar
"Jersey Share Registrar"	Computershare Investor Services (Jersey) Limited
"Latest Practicable Date"	16 November 2009, being the latest practicable date before the printing of this document for ascertaining certain information contained herein
"Listing"	the listing of the Shares on the Main Board of the HKSE by way of an introduction
"Listing Committee"	the Listing Committee of the HKSE
"Listing Date"	26 November 2009, the date on which the Shares are expected to be listed on the HKSE
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Litian (Xinfeng)"	利添生物科技發展(信豐)有限公司 Litian Biological Sciences & Technology Development (Xinfeng) Co., Ltd, a wholly foreign-owned enterprise established under the laws of the PRC on 21 November 2002 and an indirect wholly-owned subsidiary of the Company
"London Markets"	AIM and PLUS Market
"LSE"	The London Stock Exchange plc
"Lucky Team Agriculture"	利添良繁(合浦)農業發展有限公司 Lucky Team (Hepu) Agriculture Development Limited, a wholly foreign-owned enterprise established under the laws of the PRC on 7 March 2006 and an indirect wholly-owned subsidiary of the Company

"Lucky Team (Ganzhou)"	利添實業(贛州)有限公司 Lucky Team Industrial (Ganzhou) Co., Ltd, a wholly foreign-owned enterprise established under the laws of the PRC on 22 March 2006 and an indirect wholly-owned subsidiary of the Company
"Lucky Team (Hepu)"	利添生物科技發展(合浦)有限公司 Lucky Team Biotech Development (Hepu) Ltd, a wholly foreign-owned enterprise established under the laws of the PRC on 11 April 2000 and an indirect wholly-owned subsidiary of the Company
"Lucky Team (Yi Chang)"	利添置業(宜昌)有限公司 Lucky Team Real Estate (Yi Chang) Limited, a wholly foreign-owned enterprise established under the laws of the PRC on 30 August 2007 and an indirect wholly-owned subsidiary of the Company
"Lucky Team (Yongzhou)"	永州利添生物科技發展有限公司 Lucky Team Biotech Development Yongzhou Limited, a wholly foreign-owned enterprise established under the laws of the PRC on 21 September 2007 and an indirect wholly-owned subsidiary of the Company
"Lucky Team (Zigui)"	利添生物科技發展(秭歸)有限公司 Lucky Team Biotech Development (Zigui) Limited, a wholly foreign-owned enterprise established under the laws of the PRC on 8 August 2005 and an indirect wholly-owned subsidiary of the Company
"Market Ahead"	Market Ahead Investments Limited, a company incorporated under the laws of the BVI with limited liability on 12 February 2002 and owned as to 76% by Mr. Tong Wang Chow, 6% by Mr. Tong Hung Wai, Tommy, 6% by Mrs. Tong Lee Fung Kiu, 6% by Ms. Tong Mei Lin and 6% by Mr. Lee Kun Chung. Market Ahead is a Controlling Shareholder
"Memorandum"	the memorandum of association of the Company
"MOA"	Ministry of Agriculture of the PRC
"Newasia"	Newasia Global Limited, a company incorporated under the laws of the BVI with limited liability on 2 December 1997 and a direct wholly-owned subsidiary of the Company
"New Tax Law"	the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007
"Official List of the FSA"	the United Kingdom Listing Authority official list of all listed securities maintained by the FSA

"PLUS Market"	the PLUS-quoted segment for unlisted securities operated by PLUS Markets plc, an equity stock exchange based in London, England, in the form of a quote-driven electronic trading platform
"PLUS Rules"	the PLUS rules for issuers issued by PLUS Markets plc.
"Post Listing Share Option Scheme"	the share option scheme of the Company conditionally adopted by Shareholders on 2 November 2009, details of which are set out in the section headed "D. Other information — 1. Share Option Scheme" in Appendix IV to this document
"Pounds" or "£"	Pounds sterling, the lawful currency of the UK
"PRC"	the Peoples' Republic of China which, for the purpose of this document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Government"	the government of the PRC
"Raised Energy"	Raised Energy Investments Limited, a company incorporated under the laws of the BVI with limited liability on 18 July 2005 and a direct wholly-owned subsidiary of the Company
"Relationship Agreement"	the agreement entered into between the Company, Mr. Tong Wang Chow, Huge Market, Market Ahead, Chaoda, Kailey Investment Limited and Mr. Kwok Ho around July 2005
"Relevant Shareholders of the Company"	in respect of the Relationship Agreement, refers to Mr. Tong Wang Chow, Huge Market, Market Ahead, Chaoda, Kailey Investment Limited and Mr. Kwok Ho
"Remuneration Committee"	a committee of the Board with responsibility for overseeing the remuneration of the executive Directors
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company and where appropriate in the context of this document, may also refer to the ordinary share(s) of HK$0.10 each in the capital of the Company prior to the subdivision of the Company's shares on 2 November 2009

"Share Option Scheme"	the existing share option scheme of the Company, details of which are set out in the section headed "D. Other Information — 1. Share Option Scheme" in Appendix IV to this document
"Shareholders' Agreement"	the shareholders' agreement relating to Newasia entered into between Mr. Tong Wang Chow and Huge Market on 26 July 2001
"Shareholder(s)"	holder(s) of the Share(s)
"Tong Family Shareholders"	collectively, Mr. Tong Wang Chow, Mrs. Tong Lee Fung Kiu, Mr. Tong Hung Wai, Tommy, Ms. Tong Mei Lin and Mr. Lee Kun Chung
"Track Record Period"	the three years ended 30 June 2009
"UK"	the United Kingdom
"UK Listing Authority"	the Financial Services Authority of the UK acting in its capacity as the competent authority for the purposes of Part 8 of the FSMA
"US"	the United States of America
"US Dollars" or "US$"	US dollars, the lawful currency of US
"USDA"	United States Department of Agriculture
"Vigers"	Vigers Appraisal & Consulting Limited
"Xinfeng Development"	the Group's development of two parcels of land occupying a total area of approximately 300 mu (equivalent to approximately 200,000 sq.m.) in the Xinfeng County Industrial Park for the establishment of an agricultural wholesalers' market and an orange processing centre
"Xinfeng Government"	中華人民共和國江西省信豐縣人民政府 (The People's Government of Xinfeng county of the Jiangxi province in the PRC)
"Xinfeng Lease"	the lease dated 7 August 2002 entered into between the Xinfeng Government and Newasia to operate and develop approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) of land for a period of 50 years ending on 25 September 2052
"Xinfeng Plantation"	the Group's plantation located in the Xinfeng county, Jiangxi province in the PRC
"%"	per cent.

For ease of reference, the names of companies and entities established in China have been included in this document in English by way of translation if such Chinese entities do not have an English name as part of their legal name, and if there is any inconsistency between the Chinese names of the Chinese entities mentioned in this document and their English translations, the Chinese version shall prevail.

Unless otherwise specified, amounts denominated in foreign currency have been translated for the purposes of illustration only in Hong Kong Dollars in this document at the following rates:

RMB1.00 = HK$1.14

US$1.00 = HK$7.75

£1.00 = HK$13.00

No representation is made that any amounts can be or could have been converted at the relevant dates at the above rates or any other rates at all.

Certain amounts set out in this document have been rounded. Accordingly, figures shown as totals of certain amounts may not be an arithmetic sum of such amounts.

This glossary contains definitions of certain terms used in this document in connection with the Group and its business. Some of these may not correspond to standard industry definitions.

"citrus"	acid fruits which include tangerine, kumquat, grapefruit, lime, pomelo, satsuma, orange, mandarin and lemon
"grafting"	to join a bud with a growing plant
"Hamlin"	the species of orange produced by the Group. Fruit medium-small, globose to slightly oblate; sometimes with low radially furrowed collar and faint areolar ring; seeds very few or none. Rind thin, with smooth, finely pitted surface. Flesh well-colored; tender, juicy, lacking in acid; flavor sweet
"Hong Jiang"	the species of Winter Orange produced by the Group, a mix between an orange and a tangerine. The flesh of Hong Jiang oranges are orange red, with a tender and juicy texture. The taste is sourish sweet with a juice content of around 55-60%. It is usually seedless or has very few seeds (occasionally one or two)
"kg"	kilogramme
"lease(s)"	all agreements relating to the right to occupy and use land, including but not limited to agreements entered into with farmer-households (承包方) or agreements that are otherwise in the nature of a farmer-household relationship contract (承包關係) or a land turnover relationship contract (土地承包經營權流轉合同)
"mu"	a measurement for the area of land commonly used in PRC which is equivalent to about 666.7 sq.m.
"Navel"	the Newhall and Cara cara navel species grown by the Group. The Newhall species being a nucellar navel orange, is more oblong and has a deeper orange colour. The flesh of the Cara cara navel orange is deep pink, similar to the darkest of the red grapefruit varieties. This rich colour is due to the presence of lycopene, a carotenoid in the same family as beta carotene
"rootstock"	a vertical plant stem with shoots above and roots below serving as a reproductive structure
"sapling"	an immature and growing tree
"Summer Orange(s)"	a type of orange which are harvested during the summer season in the PRC and includes species of Valencia orange, details of which are set out in the "Business" section of this document
"sq.ft."	square foot (feet)

"sq.km."	square kilometre(s)
"sq.m."	square metre(s)
"tonnes"	metric tonnes (1,000 kilogrammes)
"Valencia"	the Valencia species of Summer Orange produced by the Group, including the Olinda Valencia, species which is usually smooth, fine quality on the outside, thin-skinned and full of juice, the Delta Valencia species which is similar in vigour to other Valencia species but slight more erect in shape, the Frost Nucellar Valencia species, which is very similar to the Olinda Valencia species, the Midknight Valencia species which is round shape and has a very smooth rind texture with high juice percentages, and the Rhode Red Valencia species that have a deep orange flesh
"Winter Orange(s)"	a type of orange which are harvested during the winter season in the PRC and includes species of Navel, Hamlin and Hong Jiang, details of which are set out in the "Business" section of this document

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that state the Company's beliefs, expectations, intentions or predications for the future. The forward-looking statements reflect the current view of the Board with respect to future events and are, by their nature, subject to risks, uncertainties and assumptions, including the risk factors as disclosed in this document. The forward-looking statements include, without limitation, statements relating to:

- the Group's business strategies;
- the Group's capital expenditure plans;
- the Group's operations and business prospects;
- the Group's financial information and data;
- the Company's dividend policy;
- the regulatory environment as well as the industry outlook generally;
- future developments in the Group's industry; and
- the general economic trend of the PRC.

In some cases, words such as "aim", "anticipate", "believe", "will", "would", "could", "may", "should", "expect", "intend", "consider", "estimate", "project", "plan", "potential" or similar expressions are used to identify forward-looking statements. These forward-looking statements reflect the views of the Directors with respect to future events and are not guarantees future performance of the Group. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant government authorities relating to all aspects of the Group's business;
- general economic, market and business conditions in the PRC;
- macroeconomic policies of the PRC Government;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the effects of competition in the orange industry;

- various business opportunities the Group may pursue; and
- the risk factors discussed in this document as well as other factors beyond the control of the Group.

Subject to the requirements of applicable laws, rules and regulations, the Company does not have any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur the way expected by the Directors. Accordingly, you should not place undue reliance on such forward-looking statements. All forward looking statements contained in this document are qualified by reference to these cautionary statements in this section as well as the risks and uncertainties discussed in the section "Risk Factors" below.

You should carefully consider all of the information set out in this document, including the risks and uncertainties described below in respect of the business of the Group and the industry in which the Group operates. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and uncertainties.

There are certain risks and uncertainties involved in the Group's operations, some of which are beyond the Group's control. These risks can be broadly categorised into: (i) risks relating to the business of the Group; (ii) risks relating to the industry in which the Group operates; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Listing.

RISKS RELATING TO THE BUSINESS OF THE GROUP

Increases in the cost of sales may adversely affect the profitability of the Group

The Group's cost of sales consists mainly of the cost of labour and raw materials (composing mainly of fertilisers, pesticides and packaging materials). The relatively low cost of labour and raw materials in the PRC is one of the factors which enables the Group to maintain its profit margin. The amounts spent by the Group on labour for production was approximately RMB13.9 million, RMB17.2 million and RMB25.6 million for the three years ended 30 June 2009, respectively, and the amounts spent by the Group on raw materials for production was approximately RMB112.9 million, RMB117.3 million and RMB164.0 million for the three years ended 30 June 2009, respectively. The cost of sales of oranges represented 31.0%, 32.1% and 37.0% of the Group's total sales generated from sale of oranges for the years ended 30 June 2007, 2008 and 2009, respectively. There is no assurance that the Group will be able to negotiate favourable low costs for labour and raw materials. Rising costs of sales may hamper and adversely affect the profitability of the Group.

The Group relies on a single supplier of packaging materials and a limited group of suppliers to supply certain other raw materials. Any deterioration in the Group's relationship with these suppliers may adversely affect the Group's production and profitability

The principal raw materials used by the Group are agricultural materials, mainly consisting of fertilisers, pesticides, and packaging materials. During the three years ended 30 June 2009, usage of fertilisers accounted for 41.6%, 37.2% and 40.5%, respectively, of the cost of sales of the Group, usage of pesticides accounted for 11.1%, 9.7% and 7.6%, respectively, of the total cost of sales of the Group, and usage of packaging materials accounted for 23.3%, 20.3% and 15.1%, respectively, of the cost of sales of the Group.

For each of the three years ended 30 June 2009, the Group's five largest suppliers, in aggregate, accounted for approximately 78.5%, 76.3% and 82.1% of the Group's total purchases, respectively; whilst purchases from the single largest supplier to the Group accounted for approximately 26.8%, 20.9% and 24.8% of the Group's total purchases, respectively. In addition, the Group depends on only one supplier for its supply of packaging materials. In the event that the relationship between any of the Group's major suppliers or sole supplier of packaging materials, for whatever reason, is adversely affected and such suppliers cease to supply or reduce the supply of fertiliser, pesticides or packaging materials, or increases the cost of fertiliser, pesticides or packaging materials to the Group and the Group is unable to source suitable fertiliser, pesticides or packaging materials, elsewhere in a timely manner to meet its demand, the production and the profitability of the Group may be adversely affected.

If the relationship with the Group's major customers is adversely affected, it may adversely affect the Group's sales and financial performance

The Group sells its oranges mainly to supermarkets, corporate customers and wholesalers. For each of the three years ended 30 June 2009, the Group's five largest customers, in aggregate, accounted for approximately 46.1%, 42.2% and 36.4% of the Group's total revenue from sales of oranges, respectively; whilst sales to the single largest customer of the Group being a supermarket chain, accounted for approximately 16.7%, 15.9% and 13.9% of the Group's total revenue from sales of oranges, respectively. The Directors believe, based on their experience and relationship with its customers, that these customers sell the Group's oranges to other supermarkets, wholesalers, retailers or end users. Other than selling the oranges supplied by the Group, the Directors believe that these customers also sell a large variety of products, whether agricultural produce or not, supplied by other companies. All of the Group's five largest customers during the Track Record Period are Independent Third Parties. The Group does not enter into long-term contracts with its customers but a sales contract is entered into prior to each harvest period. If the relationship with the Group's major customers is adversely affected for whatever reason and all or any of these major customers cease to place orders with the Group, the sales and financial performance may be adversely affected.

If there are contract breaches in respect of the Hepu Leases and Xinfeng Lease, this may adversely affect the Group's operations and financial performance

Although the Group has entered into the Hepu Leases and the Xinfeng Lease which the Company's PRC legal advisers have confirmed are valid and enforceable under PRC law, the Group faces certain risks which are inherent if parties breach such contractual arrangements. The Hepu Leases and the Xinfeng Lease are for terms of 50 years, which will end in 2050 and 2052, respectively. Such contracts can be terminated if there is a material breach by the Group of its obligations or breaches of PRC law or regulations in its use of the plantations or as a result of compulsory acquisition by the PRC Government. Should the Hepu Leases and/or the Xinfeng Lease be terminated prematurely or the Group's access to such plantations are adversely affected as a result of any dispute or challenge and/or the Group is unable to find suitable alternative plantations, the Group's business, operations and financial performance would be adversely affected.

The Group's success depends on its ability to attract and retain its key management personnel, operational and technical staff

The operations of the Group are largely dependent upon the continuing employment by the Group of a number of key management personnel and executive Directors. The future results of the Group depend significantly upon the efforts and expertise of such individuals. The loss of the service of any key management personnel could have a material adverse effect on the business of the Group.

The Group also relies upon section heads at its plantation bases for its cultivation activities. These section heads are full time operational staff of the Group and are responsible for, among other things, coordinating recruitment of local villagers on a part-time basis to pick oranges during the harvest season and for overseeing the application of fertilisers and pesticides by the part-time workers. Should the Group encounter disputes with its section heads or should any section heads face difficulties in recruiting part-time workers in the future (whether due to the imposition of any legal or regulatory restriction on the recruitment or employment of local villagers or otherwise), the Group's business could be disrupted and its financial performance may be adversely affected.

The Group's future also depends on its ability to attract, employ and retain skilled and experienced technical staff to support any expansion plans of the Group. Failure of the Group to do so, may have a material adverse impact on the Group's operation and business.

Changes in the tax rates or revocation of tax exemptions may adversely affect the Group's profitability

Pursuant to the New Tax Law, the new EIT rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. As a result, the EIT rate of all the subsidiaries of the Company incorporated in the PRC, except for those engaging in certain agricultural activities, have changed from 33% to 25% with effect from 1 January 2008. The New Tax Law came into effect on 1 January 2008, and the Foreign Enterprise Income Tax Law and its Implementation Rules were repealed. According to Article 27 of the New Tax Law and Article 86(1) of the New Tax Law Implementation Rules, enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT. Accordingly, certain subsidiaries of the Group that are engaging in such agricultural activities would be exempt from EIT with effect from 1 January 2008.

There can be no assurance that the existing PRC Government policies and legislation on tax will continue and any change in the PRC tax policies or legislation regarding the tax exemptions currently enjoyed by the Group may result in a change in the Group's effective tax rate, which may have an adverse impact on the Group's profitability.

Failure to implement the Group's strategy could adversely affect the Group's operations and business

The Group is currently experiencing a period of substantial growth in its business in terms of the capacity of its plantations and its sales volume. As the scale of its operation grows, and in order to maintain a similar level of growth, the Group will have to continually improve the quality of its management, increase the efficiency of its operating and financial systems, procedures and controls and expand the size of its workforce. The Group will also need to maintain the relationships with its current customers and to develop relationships with new customers, suppliers as well as research and development institutions. There can be no assurance that the Group will be able to achieve any or all of the above successfully.

The expansion of the Group’s operations and business also depends on its ability to implement its strategies for future growth. Whether these strategies can be implemented is dependent on a number of factors such as fluctuation in demand for the Group’s oranges, changes in consumer preference as well as demand and availability of plantations should the Group need to increase its plantation capacity. The Group may also require additional funds from time to time to pursue its future strategies. There can be no assurance that the Group’s strategies can be implemented successfully or that funds required to implement such strategies will be available.

As part of its future strategy, the Group intends to extend its customer base with a focus on supermarket customers, to increase its production capacity, in particular through the development of the Hunan Plantation, and to expand vertically by developing the nursery business. There can be no assurance that the construction of the Hunan Plantation will be completed as scheduled or within the anticipated costs and/or the nursery business will be successfully developed with the intended scale.

The Group also intends to support its existing sales network by establishing a national brand in the PRC. In attempting to establish such a brand, the Group will need to engage in more extensive publicity campaigns than previously and will require specialist sales and marketing skills. There can be no assurance that the Group will be successful in establishing such a brand.

Reliance on one agricultural produce

The Group derives almost all of its revenue from the sale of oranges. Further, the Group currently has no immediate plan to diversify its range of produce. The business and profitability of the Group is therefore, entirely dependent on the demand for oranges in the PRC. Pricing of oranges sold by the Group is influenced by changes in supply and demand conditions. The pricing of oranges sold by the Group may in the future be reduced if, for instance, there is a reduction in demand or an increase in supply by the Group’s competitors. Factors such as contamination of oranges with harmful substances, damage to oranges caused by diseases, pests or adverse weather conditions such as floods, storms, droughts or frost, if happen, could affect the demand and supply of oranges. The revenue and financial performance of the Group may be adversely affected if there is any material decrease in demand and price of oranges in the future.

Inability of the Group to prevent unauthorised use of its brand name and logo could harm the Group’s business and results of operations

The Group sells its oranges under the brand name “新雅奇” and which are registered trademarks in the PRC. However, the Group cannot guarantee that the registration of its trademarks will be effective against unauthorised use by other parties who may use the Group’s trademarks to benefit unfairly from the Group’s brand or otherwise cause disrepute to the Group’s brand. If these unauthorised users were to use the Group’s brand name and logo on other oranges, it could cause significant unexpected loss to the Group’s revenues. Unauthorised use of the Group’s trademarks could also potentially lead to claims against the Group if its trademarks are used on defective or otherwise harmful products.

If the Group becomes involved in such litigation, the Group could incur substantial operating expenses as litigation is expensive and time-consuming. In addition, such litigation may affect the reputation of the Group's oranges and this may adversely affect the revenue and financial performance of the Group.

RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES

Risk of oranges being treated or contaminated with harmful substances by way of pesticides which may affect the consumption of oranges and therefore adversely affect the sale of oranges and financial performance of the Group

Adverse reports or media coverage in the PRC that oranges are being treated with or contaminated with harmful pestilents, or subject to attack by pests, such as fruit flies, that can attack and damage the peel of oranges and the appearance of oranges to consumers, or are for any other reason not fit for consumption, may also reduce demand for oranges by consumers, thereby adversely affecting the demand and selling price of the Group's oranges and hence, financial performance of the Group.

Natural disasters and substantial disruption in the operations of the Group may have a material adverse impact on the Group's revenue and financial performance

The Group's orange plantations are subject to a high degree of exposure to the risks associated with natural disasters and adverse weather conditions, such as droughts, floods, typhoons, hailstorms, frost and rainstorms. In the event that any such natural disasters occur, in close proximity to any of the Group's plantations, the Group's business is likely to suffer a material decline in productivity resulting from damage to farming and other equipment.

Disruptions in the operations during or near the Group's harvest seasons may have a material adverse impact on the Group's revenue and financial performance

The Group's revenue is subject to seasonal factors normally with higher levels of sales during the harvest periods of the Group's oranges from October to December for Winter Oranges and from March to May for Summer Oranges. If there is any substantial disruption in the operations of the Group during or near the harvest periods either as a result of above-mentioned natural disasters or human failures outside the control of the Group, this may have a material adverse impact on the production of the oranges, which will in turn materially affect the revenue and financial performance of the Group.

The Group's success depends on its ability to compete with its competitors

The agricultural industry is open to competition from local and overseas competitors engaged in the cultivation, production and sale of agricultural produce similar to that grown by the Group. The Group faces considerable competition from a large number of domestic and foreign citrus fruit growers.

On becoming a member of the WTO, the PRC agreed to lower tariffs on imports of agricultural produce and to eliminate quotas and other quantitative restrictions on agricultural imports. The Directors expect that the lowering of import tariffs and the elimination of quotas and other import restrictions by the PRC in respect of agricultural produce will bring increased competition from overseas suppliers. Such increased competition may have a material adverse effect on the Group's business and profitability.

The Group's produce may be affected by environmental pollution

Given the nature of the Group's business, the Group is susceptible to the damage caused by pollution including air, water and soil pollution. In recent years, air and water pollution have been reported in various parts of the PRC, resulting in extensive damage to crops. To the extent that pollution continues to pose environmental risks to the Group's plantations, the Group's business, revenue and profitability may be adversely affected.

The Group's results may fluctuate due to revaluation gains or losses on its biological assets

Revaluation gains or losses on the Group's biological assets can significantly impact the Group's profits as part of the Group's profits consist of changes in the fair value of such assets. Under IAS 41, the Group is required to assess the fair value of its biological assets less estimated point-of-sale costs at each balance sheet date and the gain or loss on change in fair value of biological assets has to be recognised in the Group's income statement as profit or loss. The Group recognised net gains on change in fair value of biological assets of approximately RMB133.2 million, RMB165.0 million and RMB210.6 million for each of the financial years ended 30 June 2007, 2008 and 2009 respectively. The increase was mainly due to the higher selling price of the oranges achieved by the Group and the increased maturity of orange trees in Xinfeng Plantation.

The fair value of the Group's biological assets is derived from many assumptions. The Group engaged Vigers, an independent valuer, to assess the fair value of the biological assets annually. Vigers undertook a Capital Asset Pricing Model and created a valuation model of net present value of expected net cash flows from the Group's biological assets discounted at a current market-determined pre-tax rate based on the certain historic information of the plantations and used a number of key assumptions. These key assumptions include, among other things, the discount rate, market prices of oranges, production yield per tree and production costs. Changes in these assumptions may result in a increase or decrease in fair value. For further information, please refer to the sections headed "Financial Information — Factors Affecting Results of Operations — Changes in fair value of biological assets less estimated point-of-sale costs" and "Financial Information — Critical Accounting Policies and Estimates — Fair value of biological assets less estimated point-of-sale costs" of this document.

The key assumptions on physical factors such as the Group's average yield per orange tree used in valuing the biological assets of the Group were based on estimates prepared by Vigers' agricultural consultant. Key assumptions on the valuation of the Group's biological assets may vary from time to time when more updated information is available to the Group. These factors would impact the fair value of the Group's biological assets and result in fluctuations of the Group's results due to revaluation gains or losses.

Therefore, the Group's results of operations for each period may vary due to revaluation gains or losses from change in fair value of biological assets required to be calculated under IAS 41, reflecting fluctuations in prevailing market conditions. The Group cannot be sure that the fair value of its biological assets will not decrease in the future. Any such decrease in the fair value of the biological assets less estimated point-of-sale costs may have an adverse effect on the Group's results of operations and profits.

Investors should be aware that profits of the Group are subject to changes in fair value arising from any changes in the discount rates applied in assessing the fair value of the Group's biological assets and there is no assurance that such revision in discount rates will not have any material adverse impact on the Group's profits. Further illustration of the sensitivity of the Group's fair value gains or losses due to changes in the discount rates are set out in the section headed "Financial Information — Critical Accounting Policies and Estimates — Fair value of biological assets less estimated point-of-sale costs" of this document.

In addition, the aggregate gain or loss arising from the initial recognition of the biological assets and from the change in the fair value of the biological assets less estimated point-of-sale costs, is recognised in the Group's income statement as profit or loss. Investors should be aware that the net gain on change in fair value of biological assets shown on the Group's financial statement reflects only unrealised revaluation gain on the Group's biological assets during the respective financial year and does not generate any actual cash inflow unless such biological assets are disposed of at such revalued amounts.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Restriction of payment of dividends and distribution of profits from, as well as transfer of funds to the Group's PRC subsidiaries may adversely affect dividends received by the Shareholders

Under the current regulations on foreign exchange control in the PRC, FIEs are allowed to distribute their profits or dividends in foreign currencies to foreign investors through designated foreign exchange bank without the prior approval of the SAFE. However, the exchange of the Renminbi into foreign currencies for capital items such as direct investment, loans and security investment, is under strict control and requires the approval of the SAFE. The distribution of the Group's profits and dividends may be adversely affected if the PRC Government imposes greater control on the ability of the Renminbi to exchange into foreign currencies. There can be no assurance that the Group will be able to obtain sufficient foreign exchange to pay dividends or satisfy other foreign exchange requirements in the future.

The Company is a Bermuda incorporated company, holding PRC subsidiaries of the Group through Newasia and Raised Energy, both BVI incorporated companies. These PRC subsidiaries are FIEs. The ability of these PRC subsidiaries to declare dividends and other payments to the Company may be restricted by factors that include changes in applicable foreign exchange and other laws and regulations in the PRC and in the BVI. In particular, under the PRC law, profit available for distribution from the operating PRC subsidiaries is determined in accordance with generally accepted accounting principles in the PRC. The result of such a calculation may differ from the result of the calculation performed in accordance with IFRS. As a result of the potential difference in profit calculation, there is a risk that the PRC subsidiaries may not have sufficient profits to distribute to the Company through Newasia and Raised Energy limiting subsequent distribution of profits to Shareholders in the future. In addition, distributions by the Company's PRC subsidiaries to the Company through Newasia and Raised Energy other than as dividends may be subject to governmental approval and taxation. Any transfer of funds from the Company to its PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration or the approval of certain PRC Governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approval authority. Further, it is not permitted under PRC law for the Company's PRC subsidiaries to directly lend money to each other. Therefore, it is difficult to change the Group's capital expenditure plans once the relevant funds have been remitted from the Company or Newasia or Raised Energy to the Company's PRC subsidiaries. These limitations on the free flow of funds between subsidiaries could restrict the Group's ability to act in response to changing market conditions by reallocating funds from one PRC subsidiary to another in a timely manner.

Dividends payable to investors and gains on the sale of the Shares may become subject to withholding taxes under PRC tax laws which may adversely affect the value and gains of investment in the Shares

Under the New Tax Law and implementation regulations of the PRC, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in the PRC, or that have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their sources within the PRC. Similarly, any gain realised on the transfer of shares by such investors is also subject to 10% PRC income tax if the gain is regarded as income derived from sources within the PRC. If the Company is considered a PRC "resident enterprise", it is unclear whether the dividends to be paid in respect of the Shares, or the gain investors may realise from the transfer of the Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If the Company is required under the New Tax Law to withhold PRC income tax on dividends payable to its foreign Shareholders, or if investors are required to pay PRC income tax on the transfer of their Shares, the value and gains of their investment in the Shares may be materially and adversely affected.

The Group's PRC subsidiaries are subject to existing restrictions on paying dividends or making other distributions to the Company and changes in foreign exchange regulations may adversely affect the business, financial condition and results of operations of the Group

The Company is a holding company incorporated in Bermuda, and it relies on dividends paid by its PRC operating subsidiaries for its cash requirements, including the funds necessary to pay dividends and other cash distributions to Shareholders, to service any debt it may incur, and to pay its operating expenses. PRC regulations currently permit payment of dividends only out of accumulated profits, as determined in accordance with the accounting standards and regulations in the PRC, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including the IFRS. The Group's PRC subsidiaries are required to set aside at least 10% of their accumulated profits after tax each year, if any, to fund certain reserve funds, until the aggregate accumulated reserve funds reaches 50% of their registered capital. These reserve funds cannot be distributed as cash dividends. In addition, if the Group's PRC subsidiaries incur debt on their own or enter into certain other agreements in the future, the instruments governing the debt or such other agreements may restrict their ability to pay dividends or make other distributions to the Company. Therefore, these restrictions on the availability and usage of the Company's major source of funding may materially and adversely affect its ability to pay dividends to Shareholders and to service its debts.

PRC regulations on direct investment and loans by offshore holdings companies to PRC entities may delay or limit the Company from making loans to its PRC subsidiary

Any capital contribution or loans that the Company, as an offshore entity, makes to its PRC subsidiaries, are subject to PRC regulations. For example, any loans by the Company to any PRC subsidiary cannot exceed the difference between the total amount of investment that such PRC subsidiary is approved to make under relevant PRC laws and the registered capital of such PRC subsidiary, and any such loans must be registered with the local branch of SAFE. In addition, the Company's additional capital contributions to its PRC subsidiaries must be approved by the PRC Ministry of Commerce or its local counterpart. The Directors cannot be certain that the Company will be able to obtain these approvals on a timely basis, or at all. If the Company fails to obtain such approvals, its ability to make equity contribution or provide loans to its PRC subsidiaries or to fund its operations may be adversely affected, which could harm the Group's PRC subsidiaries liquidity and its ability to fund its working capital and expansion projects and meet its obligations and commitments.

Changes in political and economic policies of the PRC Government could affect the Group's business and results of operations

At present, the PRC is a developing economy. It differs from developed economies in many respects, including:

- its structure;
- the level of governmental involvement;
- the level of development;
- growth rate;
- the control of foreign exchange; and
- the allocation of resources.

Prior to the PRC Government's adoption of the "open door" reform policies in 1978, the PRC had a planned economy. Since then, the PRC Government has implemented a number of measures to encourage growth and to guide the allocation of resources, thus resulting in significant economic and social development in the past 30 years. With its economic reform policies, the PRC has since transitioned into a more market-oriented economy.

The Group's ability to continue to expand its business is dependent on a number of factors, including general economic and capital market conditions in the PRC. The PRC Government has implemented various measures to control the rate of economic growth and uses its monetary policies to influence the economy. As all of the Group's business operations and assets are in the PRC, the business, prospects, financial condition and results of operations may be adversely affected by political, economic and social developments in the PRC, as well as by regional events affecting the PRC, especially in the geographic areas where the Group's plantations are located. Such political, economic and social developments include, but are not limited to, changes in government policies, political instability, expropriation, nullification of existing contracts due to change in law, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions. Any such changes in the PRC may have a material adverse effect on the Group's business, financial condition and results of operation.

There are uncertainties regarding the interpretation and enforcement of the PRC laws and regulations

The PRC legal system is based on written statute and prior court decisions can be cited only as a reference and are not binding precedents. Since 1979, the PRC Government has been developing a comprehensive system of laws, rules and regulations in relation to economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations involve some degree of uncertainty, which may lead to additional restrictions and uncertainty for the Group's business and uncertainty with respect to the outcome of any legal action that may be taken against the Group in the PRC.

Devaluation or appreciation in the value of the Renminbi could adversely affect the Group's profits

The external value of the Renminbi is subject to changes in policies of the PRC Government and to international economic and political developments. From 1994, the conversion of the Renminbi into foreign currencies, including Hong Kong Dollars and US Dollars, was based on rates set by the People's Bank of China, which were set daily based on the previous day's interbank foreign exchange market rates and current exchange rates on the world financial markets. The Renminbi to US Dollar exchange rate experienced volatility prior to 1994, including periods of sharp devaluation, and the PRC Government was under international pressure to allow this rate to float. On 21 July 2005, the People's Bank of China reformed the Renminbi exchange rate regime by moving to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. From that date, the Renminbi was no longer pegged to the US Dollar.

The People's Bank of China will periodically adjust the Renminbi exchange rate band as necessary and, as a consequence, the Renminbi exchange rate will be more flexible than before. There is therefore a risk that the fluctuations in the Renminbi exchange rate may be greater than were previously experienced and any large appreciation or devaluation of the Renminbi against the US Dollar could have an adverse effect on the Group's business and operating results.

The Group is exposed to currency risk primarily through its cash and cash equivalents that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong Dollars, US Dollars and Pounds.

The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. In the three years ended 30 June 2007, 2008 and 2009, the Group had an aggregate of approximately RMB224.6 million, RMB127.5 million and RMB70.0 million, respectively, of cash balances in foreign currencies and recorded a gain/(loss) due to fluctuations in foreign exchange in the amounts of approximately RMB3.3 million, RMB(15.1) million and RMB(0.7) million, respectively. The loss was mainly due to an increase in the value of the RMB against Hong Kong Dollars.

RISKS RELATING TO THE LISTING

There may be limited liquidity in the Shares and volatility in the price of the Shares

The Shares must be transferred to the Hong Kong Share Registrar before they can be traded on the HKSE upon Listing, and only certificates for Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the HKSE. Only certificates for Shares issued by the Jersey Share Registrar will be valid for delivery in respect of dealings effected on AIM or the PLUS Market. Details of the procedures for removal of Shares between the Jersey Share Register and the Hong Kong Share Register are set out under the section "Listings, Registration, Dealings and Settlement — Removal of Shares" of this document. As the Shares have not been traded on the HKSE before the Listing and there is no issuance of new Shares under the Listing, there may be limited liquidity in the Shares after Listing if few or no Shareholders are willing to remove their holdings in the Company from the Jersey Share Register to the Hong Kong Share Register following the Listing. Investors may therefore not be able to purchase Shares or liquidate their position quickly or at prices attractive to them.

The market price of the Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the Shares may have limited liquidity. In addition, the price at which investors may dispose of their Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous to it.

The characteristics of the London Markets and the Hong Kong share market are different

The Shares (then shares of HK$0.10 each) commenced trading on AIM and the PLUS Market on 3 August 2005 and 23 May 2008, respectively. The Company's principal register of members is in Bermuda and it maintains branch registers of members in Jersey and Hong Kong. The Shares in issue are traded on AIM and the PLUS Market. Shares in paperless form are settled through transfer of Depositary Interests. Following the Listing, it is the Group's current intention that the Shares will continue to be traded on AIM and the PLUS Market and listed on the HKSE. There is no direct trading or settlement between the London Markets and the HKSE.

The London Markets and the HKSE have different trading hours, different trading characteristics (including trading volumes and liquidity), different trading and listing rules, and different investor bases (including different levels of retail and institutional participation). The trading prices of the

Shares on the London Markets and the HKSE may not be the same. Furthermore, fluctuations in the prices of Shares on either of the London Markets or the HKSE could materially and adversely affect the share price in Hong Kong, and vice versa. Fluctuations in the exchange rate between the HK$ and the £ could materially and adversely affect the prices of Shares on either of the London Markets or the HKSE. Historical prices of the Shares on either of the London Markets or the HKSE may not be indicative of the performance of the Shares after the Listing.

The Company is a Bermuda-incorporated, AIM and PLUS Market traded company governed by Bermudian laws and regulations

The Company is incorporated in Bermuda under the Bermuda Companies Act and is subject to the Bermuda Companies Act. In addition, it is also subject to the AIM Rules. As described in "Appendix III — Summary of the Memorandum and Bye-laws of the Company, Bermuda Company Law and the AIM Rules", Bermudian laws and regulations may differ in some respects from comparable Hong Kong laws and regulations. In addition, certain waivers from strict compliance with the Listing Rules have been obtained as highlighted in the section headed "Waivers from Strict Compliance with Listing Rules" in this document. Furthermore, there are differences between the AIM Rules and the Listing Rules, including the requirements on disclosure of interests in shares in a company whose shares are traded on the AIM and that which is listed on the HKSE. Potential investors should be aware that certain obligations on shareholders pursuant to the AIM Rules are more onerous than the corresponding obligations pursuant to the Listing Rules. Please refer to "Appendix III — Summary of the Memorandum and Bye-laws of the Company, Bermudan Company Law and the AIM Rules — Principal differences between the continuing obligations pursuant to the Listing Rules and the AIM Rules".

The Company is subject to the Companies Ordinance and the SFO only insofar as they relate to foreign incorporated companies registered as non-Hong Kong companies in Hong Kong and companies listed on the HKSE. Being traded on AIM and the PLUS Market, the Company is also regulated by the rules of the London Markets.

The Company's corporate affairs are governed by the Memorandum and the Bye-laws, the AIM Rules, the PLUS Rules, the Bermuda Companies Act and common law of Bermuda. The laws of Bermuda relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong and other jurisdictions. These differences may mean that the Company's minority Shareholders may have different remedies than they would have under the laws of Hong Kong or other jurisdictions. Please refer to "Appendix III — Summary of the Memorandum and Bye-laws of the Company, Bermuda Company Law and the AIM Rules".

Potential investors should be aware that there is a risk that the provisions of the Bermuda Companies Act may not offer the same protection as the Companies Ordinance and the SFO and should consider obtaining independent legal advice on the implications of investing in foreign-incorporated companies.

AIM

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the FSA. AIM has been in existence since June 1995 but its future success, and any liquidity in the market for the Company's securities, cannot be guaranteed. An investment in Shares traded on AIM may be difficult to realise.

PLUS Market

The Shares are not quoted on the Official List of the FSA. The PLUS Rules are less demanding than those of the Official List of the FSA. The Company is subject to limited continuing obligations. Investments in shares admitted to trading on the PLUS Market carry a higher degree of risk than investments in shares quoted on the Official List of the FSA. None of the PLUS Markets plc, the LSE or the FSA have examined this document.

The following material waivers have been applied for and granted by the Stock Exchange on the basis that the Shares are admitted to trading on AIM and on the PLUS Market and the Company's listing in Hong Kong is a primary listing and that all Shareholders, including Hong Kong Shareholders, are adequately protected in relation to the subject matter of the waivers by the relevant laws, regulations and listing rules of the Company's listing jurisdiction of England.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into a number of transactions with entities which will become Connected Persons (as defined in Chapter 14A of the Listing Rules) of the Company upon Listing and such transactions will, upon completion of Listing, constitute continuing connected transactions of the Company under the Listing Rules. Among these continuing connected transactions, a transaction will constitute non-exempt continuing connected transaction for the Company and is subject to the reporting, announcement and independent Shareholders' approval requirements under Rules 14A.35(3) and 14A.35(4) of the Listing Rules.

Under Rule 14A.42(3) of the Listing Rules, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules. For further details, please refer to the section headed "Connected Transactions" in this document.

ISSUE OF NEW SHARES

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issues of securities within six months of Listing as required by Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with the restrictions under Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by the Controlling Shareholders upon the issue of securities by the Company within the first six months of Listing.

Save and except for the deemed disposal of Shares by the Controlling Shareholders upon the issue of securities by the Company, the Controlling Shareholders have confirmed that they will comply with the restrictions on the disposal of securities under Rule 10.07 of the Listing Rules.

The Company has applied to the Stock Exchange for waivers from strict compliance with Rules 10.07(1)(a) and 10.08 of the Listing Rules for the following reasons:

(i) the Company has not been able to raise any new funds pursuant to the Listing due to the volatile market conditions. The existing Shareholders will therefore not suffer any dilution of their interests as a result of the Listing;

(ii) the interests of the Shareholders are protected since any further issue of Shares by the Company would be subject to Shareholders' approval as required under Rule 13.36 of the Listing Rules; and

(iii) Market Ahead and the Tong Family Shareholders have demonstrated their consistent commitment to the Company since the Shares (then shares of HK$0.10 each) have been admitted to trading on AIM in 2005. This is evidenced by the fact that Market Ahead has not disposed any of its Shares since it first became a Shareholder. In addition, Market Ahead has opted to receive the entire dividend for the year ended 30 June 2008 in the form of script dividend and 1,200,571 Shares (then shares of HK$0.10 each) were issued to Market Ahead accordingly. Also, the Tong Family Shareholders have not disposed of their interests in Market Ahead since they first became shareholders of Market Ahead.

Any further issue of Shares without seeking prior consent from Shareholders will only be made under the general mandate approved by Shareholders at the annual general meeting of the Company and in compliance with the relevant Listing Rules.

The Stock Exchange has granted the waivers from strict compliance with Rules 10.07(1)(a) and 10.08 of the Listing Rules on the following conditions:

(i) any issue of new Shares (or convertible securities) or the entering into of an agreement in this regard by the Company during the first six months after Listing must be either for cash to fund a specific acquisition or as part or full consideration for a specific acquisition;

(ii) such acquisition must be for assets or businesses which will contribute to the growth of the Group's operation; and

(iii) any such issue of new Shares (or convertible securities) will not result in the Controlling Shareholders ceasing to be the controlling shareholders of the Company as a result of the dilution of their holdings of Shares (i.e. deemed disposal of Shares) upon the issue of securities by the Company within the first twelve months of the Listing.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document includes particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement in this document misleading. The English language and the Chinese language versions of this document are being published separately. In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

This document is published in connection with the Listing. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this document or any part thereof in connection with any offering, or invitation to the offer, of the Shares or other securities of the Company. Accordingly, there is no, and will not be any, offer of or solicitation, or an invitation by or on behalf of the Company and the Sponsor to subscribe for or purchase any of the Shares. Neither this document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Listing may be used for the purpose of making, and the delivery, distribution and availability of this document or such other document or information (or any part thereof) does not constitute, any offer of or solicitation or an invitation by or on behalf of the Company and the Sponsor to subscribe for or purchase any of the Shares.

APPLICATION FOR LISTING ON THE HKSE

Application has been made to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and the exercise of any options which may be granted under the Post Listing Share Option Scheme. Except as disclosed in this document, no part of the Share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

The Shares are already traded on AIM. When the options are exercised, application will also be made for the admission of any Shares to be issued pursuant to the exercise of options granted under the Share Option Scheme to trading on AIM. The AIM Rules are less demanding than those of the Official List of the FSA.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FSA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the LSE on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the FSA nor the LSE has examined or approved the contents of this document.

The Shares are also already traded on PLUS Market.

PLUS Market is a secondary market operated by PLUS Markets plc. PLUS-quoted securities are not listed and the market is not classified as a "regulated market" under EU financial services law. An investment in the shares of smaller companies tends to involve a higher investment risk than more mature companies. PLUS Market is not part of the LSE.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the HKSE are expected to commence on or about 26 November, 2009. Shares on the HKSE will be traded in board lots of 1,000 each.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the HKSE and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the HKSE or on any other date HKSCC chooses. Settlement of transactions between participants of the HKSE is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the CCASS Rules in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares, you should consult an expert. It is emphasised that none of the Company, the Sponsor, any of their respective directors, agents, employees, advisers or affiliates or any other person involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares. Further details of such tax implications is set out in "Appendix III — Summary of the Memorandum and Bye-laws of the Company, Bermuda Company Law and the AIM Rules" of this document.

REGISTERS AND HONG KONG STAMP DUTY

The Company's principal register of members is maintained in Bermuda by Butterfield Fund Services (Bermuda) Limited and it maintains a branch register of members in Jersey and Hong Kong. Further details of the interaction between the Bermudian, Jersey and Hong Kong share registers is set out in the section headed "Listings, Registration, Dealings and Settlement" in this document.

Dealings in Shares registered on the Company's Hong Kong Share Register will be subject to Hong Kong stamp duty.

Unless the Company determines otherwise, dividends will be declared in Hong Kong Dollars, with Shareholders registered on the Jersey Share Register and Hong Kong Share Register subsequently receiving cash dividends in Pounds and Hong Kong Dollars, respectively. An exchange mechanism will be adopted for such dividend payments. Dividends will, unless the Company determines otherwise, be sent by ordinary post at the Shareholders' risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

CONDITIONS OF THE LISTING

The Listing is subject to the fulfilment of the conditions that, amongst other things, the Listing Committee grants the approval for the listing of, and permission to deal in, on the HKSE (i) the Shares in issue as at the Listing Date; (ii) 50,788,000 Shares which may be issuable upon the exercise of the Existing Share Options which were granted pursuant to the Share Option Scheme; and (iii) a maximum of 77,055,980 Shares which may be issuable upon the exercise of any options which may be granted pursuant to the Post Listing Share Option Scheme.

NO CHANGE IN BUSINESS

No change in the business of the Group is contemplated following the Listing.

REASONS FOR THE INTRODUCTION

The Shares (then shares of HK$0.10 each) have been admitted to trading on AIM since 3 August 2005 and have been trading on the PLUS Market since 23 May 2008. The Directors consider that it is desirable and beneficial for the Company to have a primary listing status in Hong Kong as well as maintaining its trading status on AIM and the PLUS Market so that the Company can have ready access to these different equity markets in Europe and Asia when the opportunity arises. The two markets also attract different investor profiles thereby widening the investor base of the Company, in particular, a Hong Kong listing will further enhance the Company's profile in Hong Kong and the PRC, facilitate investment by Hong Kong investors and enable the Company to gain access to Hong Kong's capital markets and to benefit from its exposure to a wider range of private and institutional investors. The Directors believe that a listing in Hong Kong is in line with the Group's focus on the development and expansion of its operations and business, particularly the Group's operations are principally located in the PRC.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Tong Wang Chow	Flat D, 10th Floor, Block 2 Estoril Court 55 Garden Road Hong Kong	Chinese
Mr. Tong Hung Wai, Tommy	Flat D, 10th Floor, Block 2 Estoril Court 55 Garden Road Hong Kong	Chinese
Mr. Cheung Wai Sun	Flat 8, 9th Floor Kwun Tong Mansion 36 Yuet Wah Street Kowloon Hong Kong	Chinese
Mr. Pang Yi	No. 11, Line 19 Yan An Lu Lian Zhou Town Hepu County Guangxi The PRC	Chinese
Mr. Sung Chi Keung	Flat B, 15th Floor Block 3 Tai Hing Gardens Phase 1 Tuen Mun New Territories Hong Kong	Chinese
Non-Executive Directors		
Mr. Ip Chi Ming	House 39, Tycoon Place 38 Lo Fai Road Tai Po New Territories Hong Kong	Chinese
Mr. Hon Peregrine Moncreiffe	4 Aigue Marine Terrace La Pouquelaye St Helier Jersey JE2 3GG Channel Islands	British

Name	Residential Address	Nationality
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Mr. Ma Chiu Cheung, Andrew	No. 6, Price Road Jardine Terrace Hong Kong	British
Mr. Nicholas Smith	Hunters Acre Burdenshot Hill Worplesdon Surrey GU3 3RL United Kingdom	British
Mr. Yang Zhenhan	Flat D, 31st Floor Block 2, Victoria Centre 15 Watson Road Causeway Bay Hong Kong	Chinese
Dr. Lui Ming Wah, SBS JP	Flat A & B, 16th Floor Skylodge 1 Dynasty Heights 8 Yin Ping Road Kowloon Hong Kong	Chinese

PARTIES INVOLVED

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Reporting accountants	Baker Tilly Hong Kong Limited Certified Public Accountants 12th Floor, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Legal advisers to the Company	*as to Hong Kong law* Mallesons Stephen Jaques 37th Floor, Two International Finance Centre 8 Finance Street, Central Hong Kong

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Property valuer

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CORPORATE INFORMATION

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Company secretary	Sung Chi Keung *CPA, FCCA*
Authorised representatives	Tong Wang Chow Flat D, 10th Floor, Block 2 Estoril Court 55 Garden Road Hong Kong
	Sung Chi Keung Flat B, 15th Floor Block 3 Tai Hing Gardens Phase 1 Tuen Mun New Territories Hong Kong
Audit Committee	Ma Chiu Cheung, Andrew (Chairman) Nicholas Smith Yang Zhenhan
Remuneration Committee	Nicholas Smith (Chairman) Ma Chiu Cheung, Andrew Tong Wang Chow
Bermuda Share Registrar	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HK08 Bermuda
Jersey Share Registrar	Computershare Investor Services (Jersey) Limited Ordnance House 31 Pier Road, St. Helier Jersey, Channel Islands JE4 8PW

Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	Industrial and Commercial Bank of China No.55 FuXingMenNei Street Xicheng District, Beijing PRC
	Nanyang Commercial Bank 151 Des Voeux Road, Central Hong Kong
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Certain information and statistics contained in this section have been extracted from various government official publications. The Directors believe that the sources of information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information and statistics. The Directors have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by the Directors, the Sponsor, or any other party involved in the Listing and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside the PRC. You should not place undue reliance on any of the information and statistics contained in this section.

PRC'S CITRUS FRUIT & ORANGE MARKET

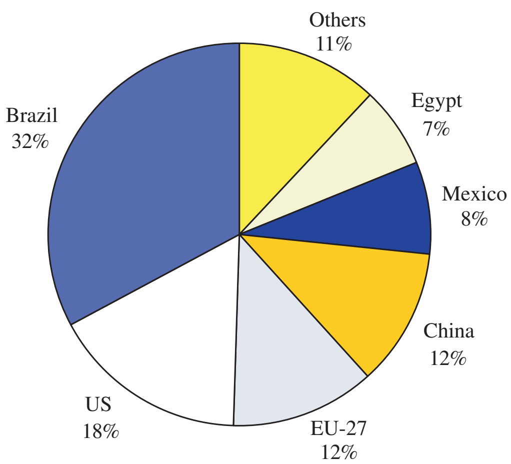
Citrus Fruit Production

In recent years, citrus fruit has been one of the fastest growing segments of the PRC's fresh fruit market. In 2007, citrus fruit made up 11.3% of the total fruit production in the PRC according to the National Bureau of Statistics of China. The PRC's citrus production experienced a CAGR of 9.4% in production between 2003 and 2008.

Orange Production

The global orange industry is dominated by Brazil, US and PRC. The PRC has been leading the production growth with a CAGR of 7.2% between 2003 and 2008 according to the USDA. The PRC is the third top producing country of oranges globally, with an expected yield of 6 million tonnes for 2009, behind Brazil's 16.6 million tonnes and the US's 8.5 million tonnes.

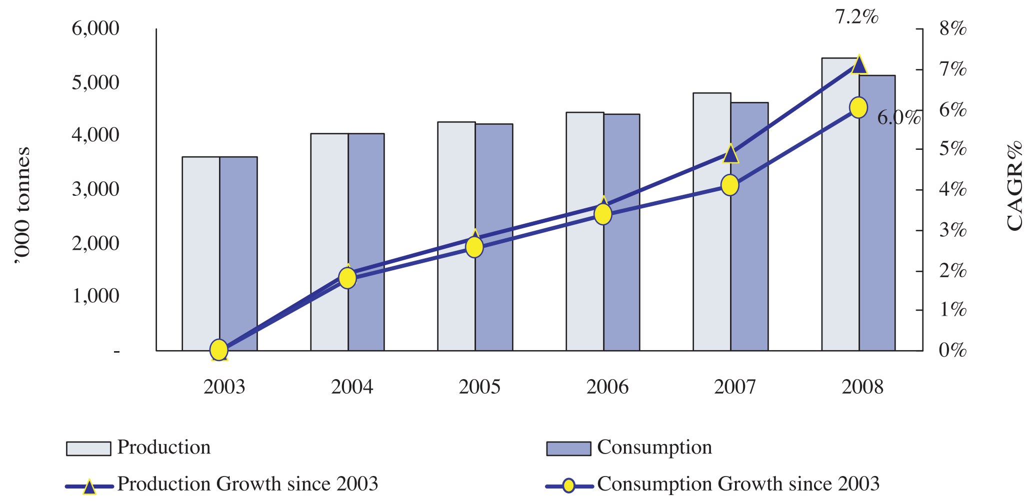
Global Orange Production 2008



Source: USDA

The growth in the PRC orange production was mainly due to new plantings from a few years earlier having gradually reached full production.

PRC's Orange Production & Consumption



Source: USDA Foreign Agricultural Service Annual Reports on PRC's Citrus Industry for 2004-2009

According to the USDA, orange production in the PRC is expected to continue to increase at a quick pace over the next five to ten years, because of the government-encouraged increase in planting area that began in 2002 when the MOA published its citrus plan.

Orange Plantation

The location of a citrus plantation has a significant bearing on the level of productivity of the trees and on the quality of the citrus produced by the trees.

According to the USDA, PRC's citrus plantation area in 2007 was 1.9 million hectares of which 34% (or approximately 660,000 hectares) produced oranges. Hunan province has the largest plantation area in the PRC with 325,900 hectares and is the number one ranked producer with 2.8 million tonnes of citrus fruit produced in 2007, whereas Jiangxi province has the second largest plantation area for citrus fruit production and is the largest navel oranges producing province in the PRC. Other main areas for oranges plantations are in the Sichuan province and Guangxi Zhuang Autonomous Region.

The Group's plantations are located in Hunan province, Jiangxi province and Guangxi Zhuang Autonomous Region. The Directors believe all of these three plantations offer favorable characteristics conductive to growing oranges.

The Group's annual orange output for the year ended 30 June 2009 was approximately 152,059 tonnes. The Directors believe that the PRC orange industry is highly fragmented given the Group is considered the largest orange plantation owner and the single largest orange producer in the PRC according to the Guangxi Citrus Research Institute. The Directors believe, based on their experience of the PRC orange market, notwithstanding that the Group's annual output of oranges for the year ended 30 June 2009 accounted for approximately 2.8% of the annual output of the PRC in 2008 as estimated by the USDA, the Group has legal right to and control over the largest area of land under cultivation for oranges in the PRC.

According to a ranking certificate dated 18 September 2009 issued by the Citrus Research Institute which is directly subordinated to the Chinese Academy of Agricultural Sciences, MOA, the Group is stated to have a total land area of approximately 102,000 mu (equivalent to approximately 68.0 sq.km.) under cultivation and is several times larger than its next closest domestic competitors in terms of land area under cultivation. Please refer to the section headed "Business — Competition" for details of competition and market players. According to information from public sources available to the Group, the Citrus Research Institute is a national scientific research center for citrus fruits that was established in 1960 and is directly subordinated to Chinese Academy of Agricultural Sciences, MOA. It has around 265 staff members, consisting, among them, 10 professors and around 145 senior and principal research scientists and technicians.

The Citrus Research Institute is not a Connected Person and save that the Group has entered into a research and development agreement on 9 May 2006 (further details of which are set under the section headed "Business — Research and Development"), the Citrus Research Institute is an independent research institution and there is no other relationship between the Citrus Research Institute and the Group, the Directors or the substantial Shareholders or any of their respective associates. The ranking certificate dated 18 September 2009 was issued at the request of the Group and no fee was required to be paid to the Citrus Research Institute.

Source: USDA Economic Research Service

According to USDA reports, due to a limited amount of land suitable for orange production in the PRC, there should be a slowing in the rapid increase in orange planted area that has occurred over the past few years in the PRC. The Directors believe the slowing in the rapid increase in orange planted area will restrict new competition entering into the PRC orange industry.

DEMAND

Consumption

Orange consumption grew by a CAGR of 6% between 2003 to 2008 and expected to reach a forecasted 5.8 million tonnes in 2009, which is in line with the increase in domestic production, according to the USDA. In 2008, 5.1 million tonnes of oranges were consumed in the PRC which is equivalent to 94.4% of the 5.5 million tonnes of oranges produced in the PRC in 2008. The majority of orange consumption was domestic.

Import

USDA figures indicate most of the oranges consumed by the PRC are produced domestically with only 62,000 tonnes (1.2% of the PRC's orange consumption in 2008) of oranges imported in 2008. Imported oranges made up only approximately 1.3% of the PRC's orange consumption between 2003 to 2008.

The USDA forecasts that the PRC's orange imports in 2009 would decrease by 11.3% from the previous year to 55,000 tonnes, equivalent to approximately 1% of expected orange consumption. This is mainly due to increased consumption of domestic product as a result of a bumper harvest of locally produced navel oranges, and as imported oranges tend to be more expensive. US remained the top supplier of imported oranges in the PRC in 2008, with volume accounting for more than 70% of PRC's total orange imports.

Exports

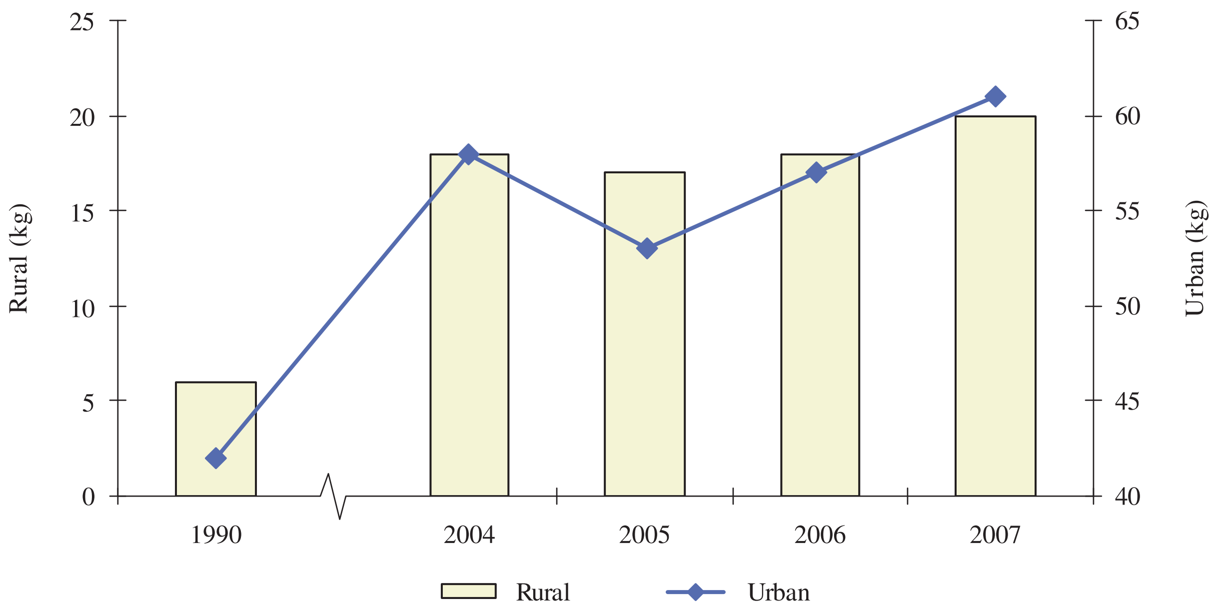
Since majority of the oranges produced in the PRC are consumed locally, oranges exported from the PRC was very minimal, represented approximately 1.2% of orange production between 2003 to 2008.

Key factors/drivers in improvement in consumption

Large untapped markets within China

With approximately a quarter of the world's population and low per capita consumption of fruit, the PRC represents a key growth driver for the global fruit market. In 2007, the PRC urban and rural per capita consumption of fruit was about 60kg and 20kg, respectively, which is lower than the consumption of fruit in developed countries such as the US and Canada where the per capita consumption of fruit was 120kg and 138kg, respectively, according to the USDA and the Statistics Canada. According to the USDA, the per capita consumption of citrus fruit in the PRC was about 10.5kg in 2008.

Fruit Consumption per Capita in the PRC



Source: USDA Economic Research Service

Increase in urban population and disposable income

Urbanisation drives the demand for food items, including fresh fruit. Over the past 15 years, the PRC has seen increasing expansion in its urban areas. According to the National Bureau of Statistics of China, 44.9% of the PRC population lived in towns and cities in 2007, compared with 26.9% in 1991. During the same period, CAGR of the urban population was 4.9% as compared with the CAGR of the PRC population of 0.8%.

According to a USDA report on *China's Food and Agriculture: Issues for the 21st Century,* PRC's existing trend of expansion of urban areas is expected to continue with the urban population reaching 50% of the total population by 2020.

According to the China Statistical Yearbook 2008, from 1991 to 2008, per capita household disposable income of urban residents in the PRC grew at a CAGR of 14.0% from RMB1,701 in 1991 to RMB15,781 in 2008. With income growth, consumers tend to increase consumption of food.

Growing health concerns and changing consumer behavior

Due to the increased consumer health consciousness, health-oriented food continues to experience strong growth in the PRC. As sophistication and disposable income have grown, consumers have increasingly turned to healthier foods, including fresh fruit, to address their health concerns. The CAGR of the per capita fruit consumption of the PRC's urban and rural residents grew at 2.2% and 7.3%, respectively, between 1990 and 2007.

Many health conscious families consume fruit as a vitamin supplement characterised by high meat consumption. They are also willing to pay a premium for high quality foods alleviating concerns over food safety, which creates demand for "organic" products. According to the USDA, certified "green" or "organic" fruits growers are able to command 10% to 30% premium on their products.

In addition, an increase in consumption of fruit juice was also noted as the PRC consumer demand is increasingly driven by convenience and "on-the-go" lifestyles, which in turn increases the demand for oranges.

As consumer incomes and preference for high quality foods increase, these trends are expected to continue.

Continuing penetration of organised distribution

Traditionally, domestic citrus growers sold their products through state-owned trading companies. These days, growers tend to sell to trading companies and wholesalers directly. As incomes increase, more consumers are shopping in supermarkets instead of visiting wet markets. Supermarkets usually have stable suppliers of fresh fruit, enabling them to deliver higher quality and safer products in a timely and price-competitive manner.

The rapid development easily and increasingly deep penetration of modern supermarket chains in the PRC have made fruit more accessible to the retail customers. More consumers are willing to pay a higher price and choosing to buy citrus at supermarkets where fruit's quality and safety are considered more reliable compared with traditional wet markets. Top grade citrus sells better in large cities like Beijing and Shanghai. Second tier cities in the Yangtze River Delta and Pearl River Delta also show strong buyer power for citrus fruit. The increasing prevalence of supermarket chains should continue to drive increased consumption of fruit in both urban and rural areas.

PRC GOVERNMENT SUPPORT

The PRC Government has been placing strong support to the agricultural businesses in the PRC which aims to increase the income level in the rural area as well as to increase the competitive advantages in the world market.

The MOA published the first "Layout Plan for PRC's Advantageous Agricultural Products (2003-2007)" in 2003 and by the end of 2007 citrus planted area and production within the designated areas accounted for 54% and 58%, respectively, of the total citrus area and production in the PRC.

To provide further support to the agricultural businesses in the PRC, in September 2008, the MOA released a new "Layout Plan for PRC's Advantageous Agricultural Products (2008-2015)," which provides guidelines for the development of 16 agricultural products, including citrus. The plan envisions consolidation of citrus production in five areas, including Chongqing, Hubei, Sichuan, south Jiangxi and Northern Hunan/Guangxi provincial area, for development of oranges for both fresh consumption and juicing. The goal is to increase the citrus acreage and annual production within these designated areas to 1.4 million hectares and 24.3 million tonnes, accounting for 70% and 80%, respectively, of the PRC's total citrus area and annual production.

The PRC Government has also provided various financial incentives to companies engaging in agricultural business, including tax exemption. According to Article 27 of the New Tax Law and Article 86(1) of the New Tax Law Implementation Rules effective on 1 January 2008, enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT.

Finally, both the central, provincial and local governments also provide assistance during crises such as the snow storms in early 2008 and citrus pest outbreak in Sichuan in 2008. The governments send experts for rescue work and to advise on improving plantation management. Local governments also provided subsidies to fruit traders and processors in buying citrus from farmers during and after the snow storm.

As the Group's orange plantations are located in Hunan province, Jiangxi province and the Guangxi Zhuang Autonomous Region, the Group was not affected by the snow storms or the citrus pest outbreak in Sichuan in 2008. The Group's orange plantations had not suffered any material decline in productivity due to natural disasters or adverse weather conditions during the Track Record Period and as such, the Group did not require or obtain any assistance from the PRC Government.

REGULATIONS GOVERNING THE ORANGE INDUSTRY IN THE PRC

The following laws, rules and regulations are relevant to the operation of the Group's principal business in the PRC.

PRC Wholly Foreign-owned Enterprises Law and its Implementation Regulation

According to the PRC Law on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法), which was promulgated on 12 April 1986 by the National People's Congress and amended on 31 October 2000 by the Standing Committee of the National People's Congress, the investments, profits, and other lawful rights and interests of a foreign investor are protected in the PRC. A foreign investor may remit abroad profits and other legal earnings from a wholly foreign-owned enterprise, as well as any remaining funds when the enterprise is liquidated.

According to the Implementation Rules on the PRC Law on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法實施細則), which was promulgated on 12 December 1990 by the Ministry of Foreign Trade and Economic Cooperation and amended on 12 April 2001 by the State Council of the PRC, the articles of association of a wholly foreign-owned enterprises shall become effective upon the approval by the examining and approving authority and the same procedures shall apply whenever any amendments thereto are made. Any division, merger, or any significant change in the registered capital of a wholly foreign-owned enterprise shall be subject to approval by the examining and approving authority. The enterprise shall engage a PRC qualified auditor for a capital verification report. Upon approval by the examining and approving authority, registration shall be made with the Administrative Bureau for Industry and Commerce.

The Group's PRC subsidiaries are all wholly foreign-owned enterprises under PRC law because their sole shareholder is a foreign enterprise. For these PRC subsidiaries, their establishment and operation will be subject to certain governmental approvals. Matters requiring governmental approval include but are not limited to (i) the articles of association and any amendments thereto; and (ii) any significant change in the registered capital and investment amount.

PRC Quarantine Law on the Import and Export of Plant and relevant rules and regulations

The PRC Quarantine Inspection Law on the Import and Export of Plant (中華人民共和國進出境動植物檢疫法), passed by the Standing Committee of the National People's Congress on 30 October 1991, and effective as of 1 April 1992, is aimed at preventing diseases, insect pests and harmful organisms from spreading into or out of the country, protecting the production of agriculture, forestry, animal husbandry and fishery as well as human health, and promoting the development of foreign economic relations and trade.

Pursuant to the law, (i) the Ministry of Agriculture shall be responsible for the import and export quarantine of animal and plant; and (ii) enterprises importing plant seeds, seedlings or other propagating materials must submit an application in advance and go through the formalities of quarantine inspection.

The Regulation on Quarantine Inspection of Plant (植物檢疫條例), promulgated by the State Council of the PRC and effective as of 13 May 1992, further provides that to import seeds or seedlings, enterprises must file an application with quarantine inspection organisation at the provincial level. The Implementation Rules of the Regulation on Quarantine Inspection of Plant, Agriculture (植物檢疫條例實施細則(農業部分)), effective as of 25 February 1995 and amended on 25 December 1997, 1 July 2004 and 8 November 2007, sets up a two-level approval procedure for importation of seeds, seedlings or other propagating materials.

The quarantine inspection organisation at the provincial level is generally responsible for approving the application of importing plant propagating materials, but where the amount to be imported is relatively large, the quarantine inspection organisation at the provincial level shall first review the application, make an initial decision and then submit it to the Department of Agriculture at the MOA or its authorised organ for final approval. The Rules do not specify the exact amount or a quantity standard that will trigger the national-level approval.

Regulation on Quarantine Inspection of Imported Plant Propagating Materials (進境植物繁殖材料檢疫管理辦法), promulgated by the State Entry-and-Exit Quarantine Inspection Bureau and effective as of 1 January 2000, stipulates the filing and registration procedure for importing plant propagating materials. An enterprise must file and register the Approval for Quarantine Inspection of Imported Seeds and Seedlings with the quarantine inspection organisation at the port of entry ten to fifteen days before importing the plant propagating materials.

Lucky Team Agriculture is engaged in the development of nursery. During the course of its business, it imports orange tree seeds. According to the relevant PRC quarantine laws and regulations, whenever Lucky Team Agriculture imports orange tree seeds, it must first file an application with the Guangxi Department of Agriculture for approval. If the amount to be imported is relatively large, Lucky Team Agriculture will need to obtain the approval from the PRC Ministry of Agriculture. After obtaining such approval, Lucky Team Agriculture will need to file and register the approval with the Guangxi Entry-and-Exit Quarantine Inspection Bureau ten to fifteen days before importing the orange tree seeds.

PRC Law on Ownership of Forest

PRC Property Law (中華人民共和國物權法), passed by the National People's Congress on 16 March 2007 and effective as of 1 October 2007, forms the legal framework of property right in the PRC. According to Article 9 of the Property Law, unless otherwise provided by law, the creation, alteration, transfer or extinction of the real property right shall become valid upon due registration in accordance with relevant law.

The PRC Forestry Law (中華人民共和國森林法), passed by the Standing Committee of the National People's Congress on 29 April 1998 and effective as of 1 July 1998, is enacted to protect, cultivate and reasonably use of forest resources. It governs the afforestation, cultivation, felling, utilisation, management and administration of forests within the PRC territory.

Article 3 of the Forestry Law provides that the forests, trees and forest land owned by the State and by collectives, as well as the trees owned and forest land used by individuals, shall be registered with the local people's governments at or above the county level, which shall issue certificates to confirm such ownership or right of use.

According to the PRC Forestry Law, ownership of orange trees at the Hepu Plantation and Xinfeng Plantation should be registered at the county government in Hepu and Xinfeng, respectively. After due registration, the county governments should issue a forestry ownership certificate (林木所有權證) to Lucky Team (Hepu) and Litian (Xinfeng). However, according to the local governmental department responsible for forestry administration at the Hepu Forestry Bureau and Xinfeng Forestry Bureau, they do not have the practice of issuing forestry-ownership certificates to companies that are not an "collective economic organisation" (集體經濟組織, an economic unit formed by peasants).

The Group's PRC legal advisers have confirmed that under PRC Property Law, Lucky Team (Hepu) and Litian (Xinfeng) can establish their ownership of the orange trees without the forestry-ownership certificates. According to Article 9 of the Property Law, unless otherwise provided, the creation of the real property right shall become valid upon due registration in accordance with relevant law. Under PRC Forestry Law, the Hepu county government and Xinfeng county government are the proper organs to register the ownership of the orange trees at the Hepu Plantation and Xinfeng Plantation.

According to the Group's PRC legal advisers, Lucky Team (Hepu) and Litian (Xinfeng) have been duly registered as the owners of the orange trees at their respective plantations. Lucky Team (Hepu) and Litian (Xinfeng) have acquired ownership right with respect to such orange trees.

PRC Law on Use of Forestland

According to the Implementation Rules on PRC Forestry Law (中華人民共和國森林法實施條例), which was promulgated by the State Council of the PRC and becomes effective as of 29 January 2000, a forestry operating unit may use the forestland to build engineering facilities directly served for forestry production upon the approval from the competent forestry department of the people's government at or above the county level.

According to the State Forestry Bureau's Regulation on Approval of Occupation and Appropriated Use of Forestland (國家林業局佔用徵用林地審核審批管理辦法), which was promulgated by the State Council of the PRC and becomes effective as of 4 January 2001, where there is a need for occupation or appropriated use of the forestland, a forestry operating unit's shall apply to the competent forestry department of the people's government at or above the county level for approval. Should such application be approved in accordance with the law, the competent forestry department shall issue a written approval to the forestry operating unit.

The Hepu Plantation and Xinfeng Plantation are forestland. As buildings and other facilities have been built at the Hepu Plantation and Xinfeng Plantation, Lucky Team (Hepu) and Litian (Xinfeng) are required to obtain written approval from the competent forestry administrative organ confirming that the buildings constructed on the forestland are "directly serving the forestry production" for such use of forestland to be lawful.

The Group's PRC legal advisers have confirmed that Lucky Team (Hepu) and Litian (Xinfeng) have obtained the relevant approvals from the Hepu Forestry Bureau and Xinfeng Forestry Bureau, respectively, to construct and use the buildings and facilities at the Hepu Plantation and Xinfeng Plantation.

PRC Rural Land Contracting Law

The PRC Rural Land Contracting Law (中華人民共和國農村土地承包法) was promulgated by the Standing Committee of the National People's Congress on 29 August 2002 and became effective as of 1 March 2003. The PRC Rural Land Contracting Law deals with land use rights concerning the rural land. Where a piece of rural land is owned by a "collective economic organisation", the owner is not a single individual such as a peasant, but the collective unit of peasants in the village where they belong to. The collective unit or its committee will decide the assignment of such land use right (called "contractual management right") in accordance with certain procedures and principles (Article 12). Whoever obtains the land use right shall use the land for agricultural purpose only unless otherwise approved by the relevant authorities (Article 8). For forestland, the term of the land use right may range from 30 to 70 years (Article 20).

The collective unit or its committee may grant the land use right to peasants within the village or to organisations outside the village. A written contract must be concluded and the recipient shall obtain the land use right upon due conclusion of such contract (Article 22).

Where the recipients are the peasants within the village, the peasants may re-assign such land use right to another party by lease, which is the case for the Xinfeng Plantation and the Hunan Plantation. The Group has obtained the land use right to the Xinfeng Plantation and Hunan Plantation by lease contract from the peasants who have in turn obtained such right from the collective unit or its committee. When leasing the land use right, the peasants shall sign a written contract with the other party and shall inform the collective unit or its committee of the lease for record (Article 37).

Where the recipient is an organisation outside the village, such as in the case of the Hepu Plantation, the grant of such land use right must have the consent of no less than two-thirds of the members of the peasants' assembly or no less than two-thirds of the peasants' representatives. In addition, the local government at the town level must also approve the grant of the land use right (Article 48).

PRC Law on Urban Real Estate

The Law of the People's Republic of China on Urban Real Estate Administration (promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and amended on 30 August 2007) governs real estate development activity in PRC.

According to Article 45, for any advance sale of houses to be legal, a seller must (i) have paid all fees for obtaining the land use right in full and secured a land use right certificate; (ii) have obtained a construction planning permit; (iii) have committed more than 25% of the total project investment to construction of the houses for advanced sale and set the construction schedule and date of completion; (iv) have obtained an advance-sale permit; and (v) must register any advance sale with the real estate administration of the people's government above the county level.

The first phase of the Xinfeng Development was completed during the year ended 30 June 2008. The Directors have decided to postpone the development of the second phase and third phase of the Xinfeng Development due to the recent volatility of the real estate sector in the PRC. According to the investment contract whereby the Xinfeng Industrial Park Management Committee granted the land use right of the two parcels of land the Company intended for the Xinfeng Development, the development of the second and third phase of the Xinfeng Development must be completed by the end of February 2007. The Group may be subject to an idle land charge or a revocation of land for failure to complete the second and third phase of the Xinfeng Development within the stipulated time.

The Group has however received confirmation from the Xinfeng Land Bureau on 24 September 2009 stating that the second and third phases of the Xinfeng Development do not constitute idle land and no idle land charges are payable in respect of the second and third phases of the Xinfeng Development.

The Group has also received approval from the Xinfeng Land Bureau on 29 September 2009 to extend the development time in relation to the second and third phases of the Xinfeng Development to 31 December 2013.

The Group's PRC legal advisers have advised that Lucky Team (Ganzhou) has satisfied all conditions required for advance sale of its retail units, including obtaining all necessary licenses and permits.

PRC Environmental Regulations

The Regulations on Protection of Agricultural Environment of the Guangxi Zhuang Autonomous Region (《廣西壯族自治區農業環境保護條例》)(the "Regulations") were promulgated by the Standing Committee of the People's Congress of the Guangxi Zhuang Autonomous Region on 30 May 1995 and were modified on 3 June 2004.

The purposes of the Regulations are to protect and improve the agricultural environment of the Guangxi Zhuang Autonomous Region, prevent pollution of the agricultural environment, ecological damage and reasonably develop and utilize agricultural natural resources (Article 1). "Protection of agricultural environment" as referred to in the Regulations means environmental protection of agricultural land, water for agricultural use, atmosphere, agricultural organisms and the like in relation to agricultural development (Article 2).

The Regulations prohibit dumping, disposal and storage of solid waste in farm land and basic farm land protection zones. Dumping, disposal and storage of solid waste in agricultural land other than farm land and beyond basic farm land protection zones shall go through the relevant land use procedures according to law (Article 17).

The Regulations require reasonable utilisation of pesticides, fertilisers, plastic sheets for agricultural use, other similar chemical products and adoption of effective measures to prevent pollution on agricultural environment. Pesticides with high toxicity and residue are prohibited. Highly effective pesticides with low toxicity and residue shall be developed and integrated preventive technologies shall be promoted. The Standards on Safe Use of Pesticides (《農藥安全使用標準》) shall be strictly complied with when pesticides are used (Article 23).

SAFE CROP STANDARD

The PRC Government recognises that the residues and certain substances in, and the improper use of pesticides on, agricultural produce may seriously affect the health of their consumers. According to the MOA, the PRC authority has introduced the "Safe Food Health Project", a management system for the regulation of the quality and safety of agricultural produce. Safe Food Health Project is intended to regulate the growing and processing of agricultural produce in the PRC, the hygiene of food, inspection of the production area and process, restrictions of improper or excessive use of chemicals, pesticides and veterinary drugs on food and labelling. The PRC Government believes that the project could safeguard the health of domestic consumers and ensure compliance of international standards for quality and safety. One of the aims is to strengthen the inspection on production, set up a market entry system and improve the protection system.

MOA will take steps to ensure that the production and processing of agricultural produce comply with the standards set by it, MOA will:

1. monitor the production environment and strictly control sewage and drainage of industrial harmful substances which may contaminate the food production facilities;

2. formulate a list of restricted and recommended pesticides or chemicals for agricultural produce;

3. standardise the production process, supervise the producers of agricultural produce so that they comply strictly with the production and processing standards and educate them on the proper use of fertilisers, pesticides, veterinary medicines or insecticides; and

4. enhance communication between farmers, agricultural dealers and professional bodies in agriculture and improve the quality of agricultural produce by promoting the exchange of production technology, expertise and safety standards between those parties.

With a view to setting up a market entry system, MOA will:

1. implement a monitoring system, already established in a number of cities, throughout the PRC;

2. conduct random tests of vegetables to ensure that the residue or hazardous substances are within acceptable limits;

3. develop a special distribution network in certain authorised wholesale markets or supermarkets;

4. promote agricultural produce with Safe Crop standard and enhance pubic awareness of the same;

5. introduce speedy inspection methods in farms, wholesale markets and agricultural produce exchange markets to test on site whether produce meets Safe Crop standard;

6. introduce and implement a tracing and guarantee system and a mechanism to provide for the recall, compensation and withdrawal of substandard produce; and

7. promote the use of labels in agricultural produce so as to provide produce information such as the produce origins to the consumers.

LABOUR CONTRACT LAW

The new labour contract law (《勞動合同法》) ("Labour Contract Law") enhances protection of interests of labour and the details are set out as follows:

1. Employee participation in formulation and modification of regulatory rules so as to carry out management in a democratic fashion. Where an employer formulates, amends or decides regulatory rules or important matters which are directly related to interests of employees, such rules or matters shall be discussed at a meeting of employees' representatives or a general meeting of all employees, and the employer shall put forward proposals and opinions to employees and negotiate with labour union or employees' representatives on a equal basis to reach agreements.

2. Employers shall timely conclude labour contracts and specify employment terms. If an employment relationship has been established whereas no written labour contract has been entered into simultaneously, a written labour contract shall be concluded within one month from the date the employee begins to work; Failure to conclude a written labour contract with an employee after the lapse of more than one month from the date of employment shall claim the employer double pay of remuneration to such employee.

3. Mid to long-term employment shall be the main form of employment. The Labour Contract Law stipulates that if a labour contract is to be renewed after two consecutive fixed-term labour contracts, the employer shall sign a labour contract without a fixed term with such employee.

4. Enhancement of protection of minority employee. An employer shall not, without any fault on the part of the employee, terminate a labour contract if an employee has worked for the employer continuously for not less than 15 years and is less than 5 years before his legal retirement age or if he/she is suspected of having an occupational disease and has been diagnosed or under medical observation.

5. Extension of the scope of economic compensation payment. Under the Labour Contract Law, employers who renew labour contracts upon expiry of labour contracts shall also pay compensation to employee, in addition to the provision that employee shall be paid compensation upon termination of labour contracts without any fault on the part of such employee.

6. Limitation on the scope of penalty for breach of contract. The Labour Contract Law stipulates that both parties may agree that the employee assumes liability for a penalty for breach of contract only when the employer has provided training services to or imposed a non-competition clause upon the employee.

The PRC Group companies shall therefore strictly comply with the relevant provisions of the Labour Contract Law, including but not limited to the following circumstances: (i) when formulating regulatory rules which are directly related to interests of employees, the relevant PRC Group company shall comply with the Labour Contract Law and formulate these rules through democratic procedures and make an announcement accordingly or inform the employees of these rules; (ii) with regard to employee management, the relevant PRC Group company will need to conclude labour contracts in a timely manner with employees and specify employment terms; (iii) if a labour contract is to be renewed after two fixed-term labour contracts, a labour contract without a fixed term shall be signed; and (iv) both parties may agree that the relevant PRC Group company assumes liability for a penalty for breach of contract only when the relevant PRC Group company has provided training services to or imposed a non-competition clause upon the employee.

With regard to financial status of the Group, strict compliance with the Labour Contract Law may increase employment related expenses for the PRC Group companies. However, the Directors consider that such potential increase in employment expenses will be relatively small in comparison to the Group's revenue and will therefore not cause any material impact on the Group's operations and financial position as a result of compliance with the Labour Contract Law.

NO MATERIAL BREACH OF RELEVANT LEGISLATION

Social Insurance

Under PRC labour law, Provisional Regulations on Collection and Payment of Social Insurance Premiums, Regulations on Management of Housing Provident Fund and Provisional Measures for the Maternity Insurance for Enterprise Employees, the Group is required to pay housing fund fees and social insurance fees (namely insurances for retirement, unemployment, maternity, sickness and job-related injuries) for its full-time employees. The Group is also required to pay social insurance fees for job-related injuries in relation to its part-time workers.

The Group has inadvertently failed to keep track and pay up all the categories of its social insurance fees in respect of its full-time employees and part-time workers for Lucky Team (Hepu), Lucky Team Agriculture, Litian (Xinfeng), Lucky Team (Yongzhou) and Lucky Team (Zigui). As estimated and calculated by the Group and reviewed by the Group's Reporting Accountants for the purposes of assessing the reasonableness of such calculations, the unpaid social insurance fees amounted to approximately RMB1.2 million, RMB1.4 million and RMB1.7 million for the years ended 30 June 2007, 2008 and 2009, respectively.

Further, these subsidiaries have also paid the full-time employees portion of the social insurance fees directly to the full-time employees for the full-time employees to remit the same to the relevant administrative authorities of the PRC Ministry of Labour and Social Security through the full-time employees' previous employment bodies. Such an arrangement does not comply with the relevant PRC labour laws as the Group is obligated to withhold and pay its full-time employees portion of the social insurance fees to the relevant administrative authorities of the PRC Ministry of Labour and Social Security. The Directors have advised that the reason the Group's employees have requested the Group to maintain the above social insurance payment arrangement is to avoid difficulties in the calculation of the number of years an employee has contributed to his or her own social insurance (and therefore the entitled amount of pension upon retirement). The Group's PRC legal advisers advised that it may sometimes be difficult to consecutively calculate the number of years an employee has contributed to his or her own social insurance when an employee changes employment bodies as the social security system in the PRC is still in the process of integration. Employees' concern over reduced pensions is therefore the reason why such arrangements are still in place.

The Group has however, obtained written confirmations from the relevant labour and social insurance authorities and housing provident fund authorities confirming, among other things, that (i) the relevant subsidiaries may continue to pay its full-time employees portion of the social insurance fees directly to the full-time employees and for such full-time employees to pay the same to the PRC Ministry of Labour and Social Security through the full-time employees' previous employment bodies; (ii) the relevant subsidiaries will not be required to pay up the previous outstanding amounts of social insurance fees in respect of its full-time and part-time workers and will not be fined for such non-payment; (iii) the relevant subsidiaries will not be fined for breaches of any labour and social insurance regulations; and (iv) the relevant subsidiaries do not need to pay any housing provident fund.

Based on the above written confirmations, the Company's PRC legal advisers have advised that the Group will not be subject to fines or penalties under PRC law for payments which continue to be made through the previous employment body or for past failures to pay the relevant social insurance fees in respect of its full-time and part-time workers. In any event, the Directors consider that the amount of unpaid social insurance fees are relatively small compared to the size of the Group's operations and there would not be any material effect on the Group's financial and business operations in the event that the Group is required to pay such unpaid social insurance fees.

The Directors have confirmed that the Group will make provision for and will fully pay up all relevant social insurance contributions required under PRC laws commencing September 2009.

After-tax profit provision

Under PRC laws, the Group's PRC subsidiaries are required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their statutory capital reserve fund until the accumulative amount of such reserves reaches 50% of their respective registered capital. According to the Company's PRC legal advisers, Lucky Team (Hepu) had not set aside such after-tax profit amounts since it started making profits in 2001. However the board of directors of Lucky Team (Hepu) had on 17 August 2009, resolved to set aside RMB40 million (being 50% of the registered capital of Lucky Team (Hepu)) as such after-tax profit amount. The relevant monetary authority of the PRC has also provided written confirmation on 20 August 2009 that it will not take action against Lucky Team (Hepu) for not making such after-tax profit provision in the past. The Company's PRC legal advisers have advised the Company that no other PRC subsidiaries of the Group are required to make after-tax profit provisions and that based on the confirmation from the relevant monetary authority, Lucky Team (Hepu) would not be penalised for not previously making relevant after-tax profit provisions.

Registered Capital

The Company's PRC legal advisers have advised that the registered capital of Lucky Team (Yongzhou) and Lucky Team (Yi Chang) of US$10 million and US$4.6 million, respectively, were not paid up within the period as required under the relevant PRC rules and regulations. As at 28 August 2009, approximately US$6.5 million and US$701,200 has been contributed to Lucky Team (Yongzhou) and Lucky Team (Yi Chang), respectively, by their sole shareholder, Newasia, in compliance with the PRC laws and the then articles of association of Lucky Team (Yongzhou) and Lucky Team (Yi Chang).

According to the then effective articles of association of Lucky Team (Yongzhou) and Lucky Team (Yi Chang), the balance of approximately US$3.5 million is required to be contributed before 20 September 2009 for Lucky Team (Yongzhou) and the balance of approximately US$3.9 million is required to be contributed before 30 August 2009 for Lucky Team (Yi Change). Both Lucky Team (Yongzhou) and Lucky Team (Yi Chang) did not contribute the remainder of their registered capital within the time limit specified in the then effective articles of associations. Lucky Team (Yongzhou) and Lucky Team (Yi Chang) have made relevant application to amend their articles of association to extend the period for contribution of the remaining registered capital.

On 17 September 2009, the relevant authority granted an approval for such amendment to the articles of association of Lucky Team (Yi Chang). According to the revised articles of association of Lucky Team (Yi Chang), the balance of the registered capital needs to be contributed on or before 27 February 2010. Lucky Team (Yongzhou) has obtained the approval of Yongzhou Commerce Bureau for extending the time limit of making the remaining registered capital payments to 20 September 2010. On 21 September 2009, the Yongzhou Commerce Bureau issued an approval to Lucky Team (Yongzhou) for its related amendment to the articles of association.

With the above approvals, the Company's PRC legal advisers have advised that both Lucky Team (Yichang) and Lucky Team (Yongzhou) may postpone payment of the capital contributions and that there should not be any penalties or adverse legal consequences provided that the outstanding registered capital of Lucky Team (Yongzhou) and Lucky Team (Yi Chang) are paid up within the extended time limit.

Water permits

The Group's PRC legal advisers have advised that the irrigation water of the Hepu Plantation in dry seasons is provided by a state-owned reservoir (Hongchaojiang Reservoir, 洪朝江水庫) and the irrigation water at the Xinfeng Plantation during the dry seasons is provided by a pond which the Company had transformed to store rainwater and spring water.

According to the Regulation on the Administration of the Permit for Water Drawing and the Levy of Water Resource Fees, a permit and a payment of a water fee is required to draw water from a reservoir and to use spring water.

According to the written confirmation of Hepu Water Resources Bureau on 29 September 2009, it does not issue any water permit concerning the water-drawing from Hongchaojiang Reservoir because the reservoir mainly serves the nearby agricultural production free of any charge.

Although the Company does not have a water permit, it has obtained a written confirmation on 29 September 2009 from Hepu Water Resources Bureau that the Company is authorised to draw water from the reservoir without any fees.

According to the Regulation on the Administration of the Permit for Water Drawing and the Levy of Water Resource Fees, using spring water requires a water permit and Xinfeng Water Resources Bureau is the competent governmental agency in charge of use of spring water in Xinfeng. It issued a written confirmation on 29 September 2009 that the Company is authorised to use the spring water for its agricultural production without any water permit or water resource fees.

REQUISITE LICENCES AND PERMITS

The Group has been informed by its PRC legal advisers that, save as disclosed above, it has obtained all requisite licences and permits for conducting its business in the PRC during the Track Record Period.

As at the Latest Practicable Date, the Group's PRC legal advisers have advised and the Directors have confirmed that save as disclosed above, the Company has complied with all relevant laws and regulations in the PRC necessary for conducting its business operations. As at the Latest Practicable Date, the Company and each of the Directors (in respect of himself only) confirmed that they had not committed any material breach of the relevant legislation in the UK, the AIM Rules or the PLUS Rules in relation to the Company's trading on AIM and the PLUS Market, nor had they received any written allegations by the relevant authorities of a material breach of the relevant legislation in the UK, the AIM Rules or the PLUS Rules in relation to the Company's trading on AIM and the PLUS Market. The Company and each of the Directors (in respect of himself only) further confirmed that they had not committed any material breach of any relevant laws and regulations in Hong Kong, nor had they received any written allegations by any relevant authorities of any material breach of any relevant laws and regulations in Hong Kong.

HISTORY AND DEVELOPMENT

The Group was founded by Mr. Tong Wang Chow, Chairman and Chief Executive Officer of the Company and who has approximately 10 years of experience in the plantation and food industry. The Group's history can be traced back to the Co-operation Agreement in relation to the Hepu Plantation. In 2000, the Hepu Government appointed Mr. Pang Yi (who was previously an employee of a state-owned company in Hepu who left his employment in 1997) to find a suitable Hong Kong investor to invest in and operate the Hepu Plantation which was previously operated by Tropicana China Beihai Food Company Limited and was left unmanaged after the lease was terminated with Tropicana China Beihai Food Company Limited. As the Hepu Government had requested for a Hong Kong investor, Mr. Pang Yi invited Mr. Tong Wang Chow (whom Mr. Pang Yi became acquainted with during Mr. Pang Yi's employment at the state-owned company in Hepu), to visit the Hepu Plantation with a view to investing in the same. After visiting the Hepu Plantation, Mr. Tong Wang Chow saw good potential in the Hepu Plantation as the infrastructure, equipment, employees and technology was already set up and ready to commence operations. Mr. Tong Wang Chow subsequently agreed to enter into the Co-operation Agreement with the Hepu Government to invest in and to operate the Hepu Plantation. Mr. Tong Hung Wai, Tommy, followed his father to develop and manage the plantation business.

The Co-operation Agreement was entered into between Newasia and the Hepu Government on 6 March 2000 whereby the parties agreed, among other things, that Newasia would, with the co-operation and assistance of the Hepu Government, lease the Hepu Plantation from the relevant legal land owners and develop the Hepu Plantation.

The Co-operation Agreement provided, among other things, that:

(i) The Hepu Government would assist Newasia to enter into the Hepu Leases with the relevant land owners of the Hepu Plantation and assist Newasia to obtain a valid land use right in respect of the Hepu Plantation.

(ii) The Hepu Government would transfer all the property at the Hepu Plantation to Newasia (including but not limited to the orange trees, plantation nursery, irrigation system, warehouse and other movable property) for the duration of the Hepu Leases on the condition that such property shall be returned to the Hepu Government upon expiry of the Hepu Leases.

(iii) Rent is payable at a rate of RMB60 per mu, subject to an increase once every three years at 72.5% of the three years average movement in the national statistical real estate price index announced by the National Bureau of Statistics of China in the three years prior to the year when the adjustment is made (provided that the rent shall remain the same if the three years average national statistical real estate price decreases).

On 27 August 2009, the Hepu Government and Newasia entered into a supplemental agreement to the Co-operation Agreement to remove the requirement for Newasia to return the property at the Hepu Plantation to the Hepu Government at the expiry of the Hepu Leases. The Hepu Plantation occupies approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) and is located in Hepu county of the Guangxi Zhuang Autonomous Region. As at 30 June 2009, the Hepu Plantation had approximately 1.3 million orange trees.

In 2002, Newasia entered into the Xinfeng Lease in respect of the Xinfeng Plantation. The Xinfeng Plantation occupies approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) of land and is located in Jiading Town and Gubo Town, both of which are in Xinfeng county. As at 30 June 2009, the Xinfeng Plantation had 1.6 million orange trees.

More recently in May 2007, Newasia entered into the Hunan Leases in respect of the Hunan Plantation. The Hunan Plantation will occupy approximately 53,000 mu (equivalent to 35.3 sq.km.) and is located in Dao county in Hunan province. Approximately 2.4 million orange trees will be planted and nurseries will be built at the Hunan Plantation for the growing of self-bred saplings and rootstocks.

The Company was incorporated under the laws of Bermuda as an exempted company with limited liability on 4 June 2003 under the name of Asian Citrus Holdings Limited.

The Company then became the ultimate holding company of the Group as a result of a corporate reorganisation which took place prior to the Group's admission to AIM in 2005.

The core business of the Group, namely the cultivation, production and sale of oranges, is presently carried out by Lucky Team (Hepu) and Litian (Xinfeng). Lucky Team (Yongzhou) manages the construction of the Group's third plantation which is scheduled to have its first commercial harvest in 2014. Lucky Team Agriculture manages the development of nursery in the Hepu Plantation. Each of Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team (Yongzhou) are wholly-owned subsidiaries of Newasia and Lucky Team Agriculture is a wholly-owned subsidiary of Raised Energy. Both Newasia and Raised Energy are intermediate holding companies within the Group.

Corporate History

Newasia

Newasia was incorporated under the laws of the BVI with limited liability on 2 December 1997. Mr. Tong Wang Chow became the first and only shareholder of Newasia through his subscription of shares in Newasia in March 2000.

On 26 July 2001, Mr. Tong Wang Chow and Huge Market, wholly-owned by Chaoda, entered into a share purchase agreement, pursuant to which Huge Market purchased a 49% shareholding in Newasia from Mr. Tong Wang Chow at a consideration of HK$20 million and RMB87.65 million (or approximately HK$81.2 million), among which (i) HK$20 million was paid by Huge Market to Mr. Tong Wang Chow on completion of the transactions contemplated under the share purchase agreement; (ii) RMB80 million was paid by Huge Market to Mr. Tong Wang Chow by instalments on or before the expiry of three months after the date of completion of the transactions contemplated under the share purchase agreement; and (iii) RMB7.65 million was applied by Huge Market in paying up the further amount invested by Mr. Tong Wang Chow in Newasia. Chaoda, through the shareholding of Huge Market in Newasia, invested in the business of the Group as a shareholder. On 26 July 2001, Mr. Tong Wang Chow and Huge Market also entered into the Shareholders' Agreement.

The key terms of the Shareholders' Agreement included, among other things:

1 Unless otherwise agreed in writing by both parties, the principal business of Newasia and its subsidiaries shall be the farming, production, processing, sale and distribution of, and research and development relating to, fruits and vegetables.

2 Unless otherwise agreed in writing by both parties, the maximum number of directors of Newasia at any time shall be five.

3 Mr. Tong Wang Chow and Huge Market shall have the right to appoint up to three and two directors of Newasia, respectively, and at any time to require the removal or substitution of any director of Newasia so appointed by each of them.

4 The board of Newasia shall, within the constraints imposed by the Shareholders' Agreement, be responsible for the management of Newasia, including the determination of its overall policies and objectives.

5 Mr. Tong Wang Chow and Huge Market agreed that no member of Newasia and its subsidiaries shall do or permit or suffer to be done certain matters unless with the prior written approval of all shareholders of Newasia, such as declaration of dividend, effecting any change to its memorandum and articles of association and redeeming, purchasing or cancelling all of any of its shares.

6 The board of Newasia shall decide from time to time whether further funds shall be required by Newasia and none of Mr. Tong Wang Chow and Huge Market shall have any obligation to provide any security, indemnity, loan or other funding to Newasia.

7 It was the intention of Mr. Tong Wang Chow and Huge Market that Newasia and its subsidiaries shall seek a listing on the Stock Exchange or any other stock exchange as they may agree before the end of 2003.

8 Mr. Tong Wang Chow undertook to Huge Market, for so long as he or any of his affiliated companies remained beneficially interested in any shares of Newasia and for a period of two years after he or any of his affiliated companies ceases to be beneficially interested in any shares of Newasia, he shall not, and shall procure that his affiliated companies shall not, either alone or in conjunction with or on behalf of any other person, do any of the following things:

   (i) carry on or engage or be interested in, directly or indirectly, any business which competes or is likely or tends to compete with the business of Newasia or its subsidiaries;

   (ii) solicit or entice away any client or customers to whom Newasia or any of its subsidiaries has provided services or sold products at any time during such period as such shareholder or affiliated company is beneficially interested in any shares of Newasia; or

   (iii) solicit or entice away from the employment of Newasia or any of its subsidiaries any person who is an employee of Newasia or (as the case may be) such subsidiary.

9 The transfer of shares of Newasia shall be subject to pre-emptive rights. The proposing transferor of the shares shall not transfer any of the shares to any third party unless and until such third party shall have executed a deed of adherence with the other shareholder.

10 In the event that either party ceases to be beneficially interested in any shares of Newasia, the rights and obligations of such party against or towards the other party under the Shareholders' Agreement shall forthwith terminate.

On 2 July 2003, in anticipation of the listing of the shares of the Company on the HKSE then proposed, Mr. Tong Wang Chow and Huge Market executed a deed of termination and release relating to the Shareholders' Agreement, whereby both parties agreed that the Shareholders' Agreement shall be terminated and be of no further effect and to unconditionally and irrevocably release and discharge each other absolutely from all claims, demands, obligations, suit, damages, losses, liabilities, costs and expenses in relation to the Shareholders' Agreement.

In around July 2005, the Company, Mr. Tong Wang Chow, Huge Market, Market Ahead, Chaoda, Kailey Investment Limited and Mr. Kwok Ho, entered into the Relationship Agreement which took effect from the date of the Company's admission to AIM. As at the date of the Relationship Agreement, Chaoda was owned as to approximately 35.0% by Kailey Investment Limited, which was wholly-owned by Mr. Kwok Ho. Kailey Investment Limited was a company incorporated under the laws of the BVI with limited liability on 10 September 1999 and is an investment holding company. As at the Latest Practicable Date, Chaoda was owned as to approximately 21.2% by Kailey Investment Limited. Save as disclosed above, the Directors confirm that Kailey Investment Limited has never been and is not a direct shareholder of the Company, Newasia or any other subsidiaries of the Company.

Under the Relationship Agreement, each of the Relevant Shareholders of the Company undertook, among other things:

1. To exercise their powers in relation to the Company to ensure that the Company is capable of carrying on its business independently of the Relevant Shareholders of the Company and that all transactions and relationships between the Company and the Relevant Shareholders of the Company are conducted at arm's length and on a normal commercial basis.

2. To abstain from voting in general meetings of the Company in respect of any contract or arrangement in which it has a material interest, and not to exercise its voting rights in favour of any amendment to the Bye-laws of the Company which would be inconsistent with or in violation of the terms of the Relationship Agreement.

3. Not to in PRC, Hong Kong, Macau, Taiwan, Japan, Thailand, Singapore, Vietnam, Canada, the US or Europe, engage, invest or be interested, directly or indirectly, in the business of cultivation, supply, marketing, sale or research and development of any type of oranges or

lemons or any ancillary products of oranges or lemons. Such undertaking however shall not prohibit or restrict any of the Relevant Shareholders of the Company from engaging, investing or being interested, directly or indirectly in

(a) the sale, marketing and/or distribution of oranges or lemons (or orange juice or lemon juice or other ancillary products of oranges or lemons) cultivated and/or supplied by the Group and/or any independent third party; and/or

(b) the manufacturing and/or processing of orange juice, lemon juice, orange-based juice, lemon-based juice, other ancillary products of oranges or lemons from oranges or lemons cultivated or supplied by the Group and/or any independent third party and the sale, marketing and/or distribution of such juices or ancillary products.

The Relationship Agreement would remain in full force and effect for so long as the Relevant Shareholders of the Company or their associates collectively hold not less than 30% of the voting rights in the Company. Further, in relation to each of the Relevant Shareholders of the Company, the undertakings, agreements and covenants given by each of them under the Relationship Agreement shall remain in full force and effect so long as each of them and/or his associates/its subsidiaries, whether individually or together, hold not less than 10% of the voting rights in the Company and for one year thereafter or the Shares cease to be listed and traded on AIM, whichever is the earliest. Since then, Mr. Tong Wang Chow or his associates have not entered into any agreements or understanding with Chaoda in relation to the management or the operation of the Group. Chaoda has not been granted any special rights that are not available to other Shareholders. Chaoda was listed on the Main Board of the Stock Exchange on 15 December 2000 and is engaged in the production and distribution of ecologically grown vegetables, fruits and other agricultural products. Chaoda is a substantial Shareholder and a major supplier of the Group. Mr. Ip Chi Ming (a non-executive Director) is also an executive director of Chaoda and the general manager of Chaoda Vegetable & Fruits Limited ("Chaoda Vegetable"), a subsidiary of Chaoda. As at the Latest Practicable Date, Mr. Tong Wang Chow has also been granted an aggregate of 7,000,000 share options in Chaoda. Save as disclosed herein, Mr. Tong Wang Chow has no other past or present relationship (business or otherwise) with Chaoda, its directors or substantial shareholders, or any of their respective associates.

Save as disclosed, there is no other relationship between Chaoda and Newasia and/or Mr. Tong Wang Chow. The Directors are aware that Chaoda presently cultivates approximately 1,509 oranges trees in a plantation with a total area of approximately 90.5 mu (equivalent to approximately 60,333.3 sq.m.) located in Fujian province. The Directors have received confirmation from Chaoda that these orange trees represent a very small area of Chaoda's plantation and are used for research and development purposes and are not for commercial sale. The Directors confirm that as at the Latest Practicable Date and save as disclosed above, there is no competition and/or co-operation between the Company and Chaoda.

On 29 June 2005, the Company entered into a sale and purchase agreement with Mr. Tong Wang Chow and Huge Market, the then shareholders of Newasia, pursuant to which the Company purchased the entire issued share capital of Newasia in consideration of the Company (i) issuing 49,000,000 Shares (then shares of HK$0.10 each), credited as fully paid, to Market Ahead at the direction of Mr. Tong Wang Chow (as to 24,990,000 Shares (then Shares of HK$0.10 each)) and Huge Market (as to

24,010,000 Shares (then shares of HK$0.10 each)); and (ii) crediting as fully paid at par the 1,000,000 nil paid Shares (then shares of HK$0.10 each) then held by Market Ahead (as to 510,000 Shares (then shares of HK$0.10 each)) and Huge Market (as to 490,000 Shares (then shares of HK$0.10 each)). As a result, the Company became the holding company of the Group through Newasia.

Lucky Team (Hepu)

Lucky Team (Hepu) was established in the PRC as a wholly foreign-owned enterprise on 11 April 2000 to produce agricultural goods in Hepu county of the Guangxi Zhuang Autonomous Region. Lucky Team (Hepu) is responsible for the operation of the Hepu Plantation and the sale of oranges cultivated there. It is indirectly wholly-owned by the Company through Newasia.

Pursuant to the Co-operation Agreement, the Hepu Government would transfer the planted orange trees, plantation nursery, irrigation system, warehouse and other movable property located on the Hepu Plantation to Newasia. In return, Newasia agreed to operate the Hepu Plantation and to further invest in and develop the Hepu Plantation which occupies approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) of land located in the Hepu county of the Guangxi Zhuang Autonomous Region. Pursuant to the Hepu Leases, Newasia has agreed to lease the parcels of land comprising the Hepu Plantation for a period of 50 years commencing from 25 June 2000 to 25 June 2050 and Lucky Team (Hepu) has the right to use the land during the same period.

The Group has since further developed the Hepu Plantation, including improving the plantation and other infrastructure and setting up the Group's processing plant with refrigerated storage and package facilities in 2001 and nurseries in 2007. The Group also cultivated an additional 1,064 mu (equivalent to approximately 0.7 sq.km.), 4,914 mu (equivalent to approximately 3.3 sq.km.) and 1,518 mu (equivalent to approximately 1.0 sq.km.) of land with 42,300, 180,180 and 46,077 Winter Orange trees in 2002, 2003 and 2005, respectively. The Hepu Plantation is now fully developed. As at 30 June 2009, the Hepu Plantation had approximately 1.3 million orange trees of which approximately 1.2 million orange trees are of orange-bearing age with an aggregate of approximately 124,394 tonnes of oranges produced for the year ended 30 June 2009.

Litian (Xinfeng)

In 2002, in order to expand the Group's plantation capacity, Newasia and the Xinfeng Government entered into the Xinfeng Lease pursuant to which, Newasia was granted the right to operate the Xinfeng Plantation for a period of 50 years commencing from 25 September 2002 to 25 September 2052. Newasia subsequently established another wholly-owned subsidiary, Litian (Xinfeng), under the laws of PRC on 21 November 2002 as a wholly foreign-owned enterprise, to operate the Xinfeng Plantation. Litian (Xinfeng) is indirectly wholly-owned by the Company through Newasia.

The Xinfeng Plantation occupies approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) of land located in Jiading Town and Gubo Town, both of which are in Xinfeng county.

The Xinfeng Plantation has been subject to development and improvement by the Group since 2002. In the year 2003 and during each of the years ended 30 June 2005, 2006 and 2007, the Group has planted 400,000 orange trees per year, bringing a total of 1.6 million orange trees. Up to 30 June 2009, the Company had invested approximately RMB641.0 million in the development of the Xinfeng Plantation. As at 30 June 2009, 800,000 orange trees have reached their orange-bearing age and aggregately produced approximately 27,665 tonnes of oranges during the year ended 30 June 2009.

Lucky Team (Ganzhou)

In April 2003, Newasia acquired approximately 160 mu (equivalent to approximately 106,666.7 sq.m.) of land at the Xinfeng County Zhongduan Industrial Park in the Xinfeng county for a consideration of RMB30.4 million on which it intends to establish an agricultural wholesalers' market and an orange processing center. In March 2004, Newasia acquired approximately 140 mu (equivalent to approximately 93,333.3 sq.m.) of land for a consideration of RMB26.6 million. This additional land is intended for the expansion of the Group's orange processing centre. Lucky Team (Ganzhou) was established as a wholly-owned subsidiary of Newasia, under the laws of PRC on 22 March 2006 as a wholly foreign-owned enterprise, to operate the Xinfeng Development. The Group has obtained Land Use Rights Certificates (which are further certificates issued by the relevant land bureau confirming this right to use the land in question) in respect of the entire area of land. Phase 1 of the Xinfeng Development was completed during the year ended 30 June 2008, which consists of 238 wholesale units, of which approximately 98.7% (or 235 units) have been sold for a total consideration of RMB 90.9 million up to 30 June 2009. As of the Latest Practicable Date, the remaining phases of the Xinfeng Development has not yet commenced construction.

Lucky Team (Yongzhou)

Pursuant to the Hunan Leases, Newasia reached an agreement with the Dao county government of the Hunan province regarding terms of a proposed lease of over 53,000 mu (equivalent to approximately 35.3 sq.km.) of land for the development of an orange plantation in the Hunan province. As at 30 June 2009, Newasia entered into formal leases with respective land owner for approximately 12,000 mu (equivalent to approximately 8.0 sq.km.) of land. As the Group is still in the process of developing the Hunan Plantation, the Group plans to enter into formal leases for the Hunan Plantation in phases to avoid incurring unnecessary lease expenses during the construction phase. Lucky Team (Yongzhou) was established as a wholly-owned subsidiary of Newasia, under the laws of PRC on 21 September 2007 as a wholly foreign-owned enterprise, to operate the Hunan Plantation.

The Hunan Plantation will have an estimated 2.4 million orange trees after completion. Construction work has commenced on the site since 2008 and sapling nurseries of approximately 7,000 sq.m. is estimated to be completed and ready for growing self-bred saplings and rootstocks by December 2009. It is expected that around 100,000 self-bred saplings will be ready for development of the Hunan Plantation by end of 2010. The Directors believe that the Hunan Plantation will be fully developed, with the commencement of the growth of approximately 2.4 million orange trees, by 2013. If the development of the Hunan Plantation proceeds on schedule, the plantation's first commercial harvest will take place in 2014. The Directors currently estimate that the total investment on the development of the Hunan Plantation is likely to cost approximately RMB572.3 million.

Lucky Team Agriculture

To enable the Group to have better quality control over the growing process of the saplings and to also provide the Group with an additional source of income, an in-door nursery centre was developed at the Hepu Plantation in 2007. Lucky Team Agriculture was established as a wholly-owned subsidiary of Raised Energy, under the laws of PRC on 7 March 2006 as a wholly foreign-owned enterprise, to operate the nursery centre at the Hepu Plantation. The Directors believe that the nursery operation at the Hepu Plantation will be capable of producing 3 million to 4.5 million self-bred saplings every 12 to 18 months and the first sales of saplings have taken place in April 2009.

Lucky Team (Zigui)

Lucky Team (Zigui) was established as a wholly-owned subsidiary of Newasia, under the laws of PRC on 8 August 2005 as a wholly foreign-owned enterprise. On 23 March 2007, Lucky Team (Zigui) paid a consideration of approximately RMB9.1 million to the Zigui land bureau and was issued the land use rights certificate on 4 December 2008 to use and develop a parcel of land having a site area of approximately 44.8 mu (approximately 29,875.5 sq.m.) for agricultural and commercial purposes with a term expiring on 31 December 2056. As at the Latest Practicable Date, the Group has not yet commenced commercial use the land at Zigui. However, the Directors intend to develop a nursery (similar to the one in the Hepu Plantation and the Hunan Plantation) at Zigui, and depending on the success of the Xinfeng Development, the Directors may also consider developing a wholesale market and orange processing centre similar to the Xinfeng Development.

Asian Fruits and Asian Fruits Trading

Asian Fruits is an investment holding company which holds Asian Fruits Trading and both Asian Fruits and Asian Fruits Trading were previously engaged in the wholesale and trading of fruits (including but not limited to oranges, pears and watermelons). However, as both Asian Fruits and Asian Fruits Trading had not been trading profitably and had not generated any revenue since the year ended 30 June 2008, the directors of Asian Fruits Trading decided to cease their operations and wind-up Asian Fruits Trading. Relevant notice of liquidation and intention to discontinue the business had been given by Asian Fruits Trading to the foreign investment authority of Dongguan (東莞市外經貿局) and Guangdong (廣東省外經貿廳) on 28 June 2009. As at 22 October 2009, the relevant authorities have accepted the application for liquidation of Asian Fruits Trading and are in the process of carrying out the relevant administrative procedures for the liquidation of Asian Fruits Trading. The Group has no plans to continue developing the business of Asian Fruits Trading or Asian Fruits.

Asian Citrus Management and Asian Citrus HK

Asian Citrus Management was incorporated under the laws of the BVI with limited liability on 18 June 2003. Asian Citrus Management is a proprietor and licensor of the Group's intellectual property rights in Hong Kong. Asian Citrus Management is a wholly-owned subsidiary of Newasia.

Asian Citrus HK was incorporated under the Companies Ordinance with limited liability on 13 October 2004. Asian Citrus HK, which is a wholly-owned subsidiary of Asian Citrus Management, is engaged in general commercial and leasing of properties activities.

Fundraising and admission to AIM

On 14 July 2005 and prior to the Company's admission to AIM, convertible bonds due 2008 in the aggregate principle amount of HK$100 million were issued by the Company to, through its nominee holder Robinson & Company, Metage Funds Limited (as to HK$55 million), Metage Special Emerging

Markets Funds Limited (as to HK$25 million) and Mr. Yim Hin Keung, an Independent Third Party, (as to HK$20 million), as consideration for the cancellation of the convertible bonds due 2008 in the aggregate principle amount of HK$100 million, which were previously issued on 16 March 2005 by Newasia. Such convertible bonds due 2008 have been fully converted by March 2007 and the convertible bonds holders became Shareholders upon their conversion of the convertible bonds. As far as the Directors are aware, after making enquiries with Mr. Yim Hin Keung, Mr. Yim Hin Keung ceased to be a Shareholder in around 2006.

The Shares (then shares of HK$0.10 each) commenced trading on AIM on 3 August 2005 with ticker (AIM: ACHL). Following the Company's admission to trading on AIM and the placing of 9,072,813 new Shares (then shares of HK$0.10 each) at a price of 112 pence per Share to the public in the UK, the Group raised net proceeds of approximately £10.1 million. In March 2007, the Company issued 8,333,333 new Shares (then shares of HK$0.10 each) at a price of 240 pence per Share to the public in the UK and raised net proceeds of approximately £18.0 million. The Group's admission to AIM has given the Group opportunities to access international capital markets and has enhanced its presence and reputation in the commercial market place. On 23 May 2008, the Shares (then shares of HK$0.10 each) were admitted to trading on the PLUS Market.

As at the Latest Practicable Date, the Company had a market capitalisation of approximately £354.5 million.

Business Development

The Group's first commercial sale of oranges produced from the Hepu Plantation and the Xinfeng Plantation was in 2000 and 2007, respectively. In the beginning, the Group sold its oranges to fruit distributors, wholesalers and sole proprietors in the PRC engaged in the trading of fruit produce.

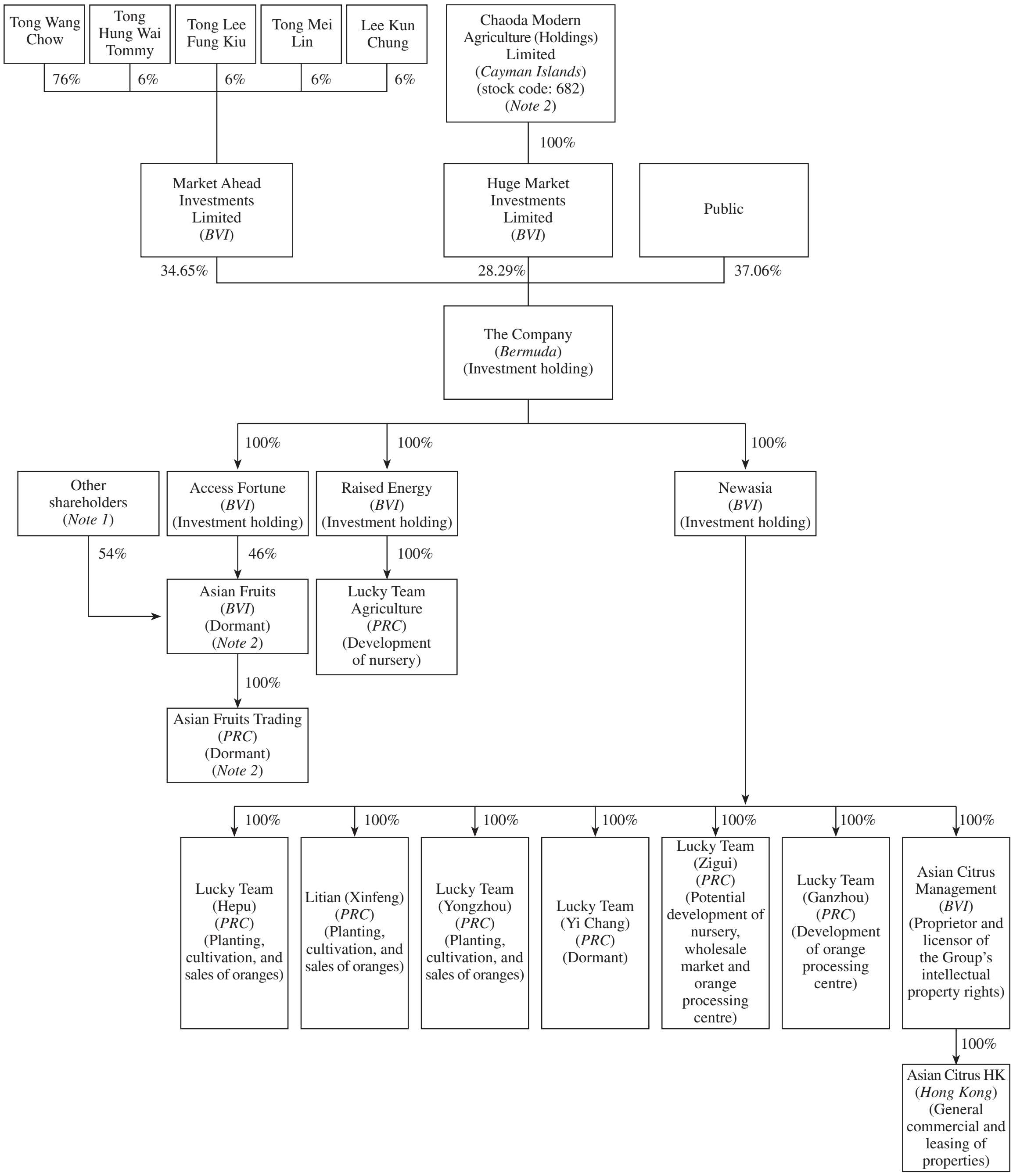
The Group registered the 新雅奇 and trademarks in the PRC in 2002 and 2003, respectively. In July 2004, the Group registered the , and trademarks in Hong Kong. The Group sells oranges with labelled trademarks to supermarkets and they have accounted for an increasing proportion of the Group's sales. The Group currently sells its oranges mainly to supermarkets, corporate customers (typically larger corporate wholesalers who supply to a variety of organisations) and wholesalers (typically smaller-scale companies). The Group registered the brand name "新雅奇" in the PRC in 2002 and started using the brand name "Royal Star 新雅奇" when it first commenced sales to supermarkets around 2005. The Group did not register the name "Royal Star" at the same time as its oranges were only sold in the PRC market and the focus was more on the recognition of its Chinese brand name "新雅奇". Having regard to the Listing and the future development of the Group, the Directors have considered it appropriate to also register the name "Royal Star" as a trade mark of the Group and have made the relevant application with the PRC trademark authorities on 25 September 2009. Since the establishment of the Group's own brand "Royal Star 新雅奇", the Group started to sell its oranges in packaged boxes printed with the Group's logo which creates consumer awareness.

The Group was accredited the Grade A Level (at the Hepu Plantation in 2002) and Grade AA Level (at the Xinfeng Plantation in 2008) of Green Food Standards by the China Green Food Development Centre, both of which were renewed annually. The China Green Food Development Centre is a specialised agency responsible for national development and management of Green Food and issuance of the “Green Food” certificates under the supervision of MOA. The Green Food standards set by the China Green Food Development Centre are prepared with reference to those of the developed countries and reach the corresponding international standards in general. The grading system of the Green Food Standards is split into two standards; grade A (which allows some use of synthetic agricultural chemicals) and grade AA (which is more stringent, allowing less use of such chemicals, and is consequently less popular with agricultural producers). Both standards focus on the end product rather than the process, and do not generally monitor actual use of agricultural chemicals, preferring instead to test the products themselves for chemical residues. The Group has also obtained the ISO9001:2000 certification from CCIC Conformity Assessment Services Co., Ltd. for its quality management standard in 2004 and has renewed the same in 2006. The Group was subsequently accredited the GLOBALGAP Certificate by the Control Union Certifications in 2007. Lucky Team (Hepu) and Litian (Xinfeng) were each awarded the “Organic Products” Certificate in July 2008 and February 2008 respectively, and these certificates were all renewed in 2009. The “Organic Products” certificate issued to Lucky Team (Hepu) and Litian (Xinfeng) are valid until 28 February 2010 and 27 February 2010 respectively. The Directors consider the “Organic Products” certificates to be a more important and significant indication of the quality of oranges produced by the Group. Therefore, the Directors do not consider it necessary to renew the “Green Food” certificates for the Group as the Group has already met the stringent standards set by the China Organic Food Certification Centre and obtained the “Organic Products” certificates. China Organic Food Certification Center is a professional organisation responsible for organic food certification and management under the MOA and has been accredited by the Certification and Accreditation Administration of the PRC. For details of the organic standards set by the China Organic Food Certification Centre, please refer to the paragraph headed “Quality Control” in the “Business” section of this document.

The Company does not contemplate a change in the nature of its business after Listing.

CORPORATE AND SHAREHOLDING STRUCTURE

The corporate and shareholding structure of the Group as at the Latest Practicable Date is shown below:



Notes:

1. Other shareholders include Calfruits Company Limited (44%), Reach Sky Investments Limited (5%) and Jet All Trading Limited (5%). Reach Sky Investments Limited is a company incorporated in the BVI, the entire issued share capital of which is owned by Ms. Meylis Mediasari Chin, a cousin of Mrs. Tong Lee Fung Kiu. Calfruits Company Limited and Jet All Trading Limited are Independent Third Parties.

2. Chaoda invested in the business of the Group through the shareholding of Huge Market in Newasia from 26 July 2001. Further details of Chaoda's relationship with the Group is set out under the section headed "History and Development — Corporate History".

OVERVIEW

According to the Guangxi Citrus Research Institute, the Group was, as at 30 June 2009, the single largest orange plantation owner and the single largest orange producer in the PRC. The Group is engaged in the cultivation, production and sale of oranges and currently owns and operates orange plantations in the PRC. The Group has two operational orange plantations in the PRC occupying in total approximately 102,000 mu (equivalent to approximately 68.0 sq.km.) of land, with approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu county of the Guangxi Zhuang Autonomous Region, the Hepu Plantation, and approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) in the Xinfeng county of the Jiangxi province, the Xinfeng Plantation. According to a ranking certificate dated 18 September 2009 issued by the Citrus Research Institute, the total land area under cultivation by the Group is several times larger that its next closest domestic competitors. Details of the Group's domestic competitors are set out under the paragraph headed "Competition" below.

The Group currently cultivates and sells two types of oranges, namely Winter Oranges (mainly Hamlin, Navel and Hong Jiang oranges) and Summer Oranges (Valencia oranges). Except for Hong Jiang, all of the Group's oranges originated from the US. The Group sold its oranges mainly to corporate customers, wholesalers and supermarkets. Since the establishment of the Group's own brand "Royal Star 新雅奇", the Group started to sell its oranges in packaged boxes printed with the Group's logo to create consumer awareness.

To secure additional supplies to meet the expected increase in demand for oranges in the PRC, the Group has identified Dao county in Hunan province as a suitable site for the development of a third orange plantation which will occupy approximately 53,000 mu (equivalent to approximately 35.3 sq.km.) of land, the Hunan Plantation. The Group has commenced basic infrastructure work on the Hunan Plantation since 2008.

Since March 2006, the Group has begun to establish an agricultural wholesale market and orange processing centre located in the Xinfeng county of Jiangxi province. The Xinfeng Development will consist of approximately 650 retail units to be sold to local producers who may use the market frontage to sell their own produce, and is being developed in three phases with the first phase of development comprising of 238 retail units which were completed during the year ended 30 June 2008.

During the years ended 30 June 2007, 2008 and 2009, the Group produced and sold 121,091 tonnes, 130,308 tonnes and 152,059 tonnes of oranges, respectively, and generated revenue of RMB479.7 million, RMB527.0 million and RMB634.9 million during the respective years.

COMPETITIVE STRENGTHS

The Directors consider the key strengths of the Group to include the following:

High quality of produce and strict quality control measures to ensure the quality of its produce

The Group has always put emphasis on the cultivation and production of high quality organic oranges and has implemented strict quality control measures to ensure the quality of its oranges, including strict selection of seedlings, fertilisers and pesticides. For further details on the Group's quality control, please refer to the paragraph headed "Quality Control" below. As a recognition of the quality of its oranges, the Group was accredited the GLOBALGAP Certificate by the Control Union Certifications in 2007 and also obtained the "Organic Products" accreditation from the China Organic Food Certification Centre. The "Organic Products" certificate was awarded to Litian (Xinfeng) in February 2008 and Lucky Team (Hepu) in July 2008, and these certificates have all been renewed in 2009. The "Organic Products" certificate allows the Group to sell certain oranges using the "Organic Products" label as a recognition of the high quality of oranges produced by the Group.

In addition, the Directors believe that the Hepu Plantation, the Xinfeng Plantation and the Hunan Plantation are all located in areas of the PRC that enjoy a significant amount of sunshine, good levels of rainfall and long frost-free periods each year. The sites of the Group's operating plantations historically have not suffered unusually strong storms or similarly adverse weather conditions. The Directors believe that due to the investments in research and development, the US varieties of orange species and expert plantation management among other things, the Group's produce is of a higher quality than the majority of oranges produced in the PRC, enabling the Group to maintain higher prices and benefit from stronger demand.

The Directors believe that demand for high quality oranges in the PRC currently exceeds supply and this can be attributed in large part to the significant increases in per capita GDP in the PRC in recent years and the increase in the awareness of food safety of the general public. According to the USDA, 5.1 million tonnes of oranges were consumed in the PRC in 2008, which grew by a CAGR of 6.0% between 2003 to 2008.

The Directors believe that the high quality of the oranges produced by the Group, together with the recognised certifications, will help to build customer's confidence in the Group's produce, and will allow the Group to benefit from a higher margin in pricing.

Strong research and development capacity for cultivating new species of oranges and ensuring the successful growth of plantations and production

The Group has its own research and development team, which is operated by an experienced team. The research and development team assists the Group in developing and introducing new species of oranges to produce better yields, as well as testing fertilisers and pesticides and providing solutions to any plantation problems. The research and development team also collaborates with researchers from various government academic and research institutions in plantation research projects. For details of these research projects, please see the section headed "Business — Research and Development".

The Group has also been focusing on developing new species that have slightly different harvest periods from the Group's existing orange trees. The new Valencia species, which the Group has planted in the Hepu Plantation as part of the replanting programme, and plans to grow in the Hunan Plantation, will extend the Group's existing harvest periods, and provide a more balanced revenue and stable cash flow to the Group throughout the year.

The Directors believe, based on their experience in the PRC orange market, that no other producer of oranges in the PRC has established its own competent research and development team that is comparable to the Group's research and development team. The research results of the research and development team helps to maintain the quality of the Group's oranges and increase the yield of the orange trees of the Group, thereby increasing the Group's revenue.

High barriers to entry for both local and overseas potential new producers of oranges

Scale and size of the Group

As far as the Directors are aware, the current PRC orange market is highly fragmented. The Group has spent many years and invested significant capital to gain access to its land, develop its plantations and grow its business to become the single largest orange producer in terms of both land area under cultivation and production volume. A new entrant hoping to reach the scale and size of the Group's operations to compete on the same level with the Group's business, would require access to a sizeable tract of land in a location suitable for citrus cultivation and would involve negotiation with local government agencies and tenants to secure the leases and land use rights needed to operate a plantation. Moreover, even if a new entrant managed to secure sufficient land suitable for citrus cultivation, the development of a plantation would be a long and expensive process. Finally, after a plantation is developed and orange tree saplings are planted, a further three to four years would be required before the trees begin to produce marketable fruit on a commercial scale. Accordingly, for the above reasons, significant time and capital resources are required to acquire the requisite land agreements and rights to support a plantation development through to profitability.

The Group benefits from inherent growth potential as infant trees at its plantations start to produce fruit at age four and the production yields of trees aged between four and ten years would increase significantly. Over the medium term, the Directors expect production volume to increase as the trees at the Xinfeng Plantation mature. The Directors believe this scale and the status of its operations provides the Group with numerous competitive advantages, including the resources to ensure high quality produce and the capability to provide a secure, continuous and reliable supply of oranges to large customers. In addition, the Directors believe that the Group's scale and increasingly nationwide exposure will also support the development of a national brand and yield inherent sales and marketing advantages.

The Directors believe that the Group's size and success cannot be easily replicated by potential competitors in the PRC.

Pricing and cost advantage over imported brands

The Directors believe that demand for high quality oranges (in particular, the US varieties) exceeds supply in the PRC by a considerable margin. At present, the Group prices its produce between the cheaper indigenous orange species and the more expensive imported brands. Producers of oranges outside the PRC generally have higher costs than the Group, resulting principally from a disparity in labour costs, transportation costs and taxes.

To protect their orange trees from damage and to help ensure higher quality produce, orange producers, including the Group, generally harvest their oranges by hand. As a consequence, orange plantations require access to large pools of agricultural labour for picking oranges, as well as for day-to-day management of the orange trees. The amounts paid for labour at plantations is generally lower in the PRC than in more developed countries, where equivalent labour costs are higher. The Directors believe that the accessibility of large pools of labour at low cost in the PRC provides the Group with a cost advantage in the worldwide orange market.

In addition, because of the significant distance of the PRC from the other major orange producers, there will be additional costs that must be incurred to import oranges from the US, Central and South America and Europe, thus placing the Group in a strong competitive position in pricing compared with importers of similar oranges into the PRC. The time it takes to transport the oranges from other countries to the PRC will also inevitably affect the freshness of imported oranges. Finally, imports to the PRC currently are subject to both a tariff of 11% and VAT of 13%, neither of which, the Group incurs, thus providing it with a further pricing advantage.

PRC financial incentives

The Group has benefited from various financial incentives which include reduced tax rates and other measures. Before the enactment of the New Tax Law, Lucky Team (Hepu) benefited from a 15% preferential EIT rate and Litian (Xinfeng) incurred losses up to 31 December 2007. Effective from 1 January 2008, various subsidiaries of the Company engaging in certain agricultural activities are exempt from EIT as a result of Article 27 of the New Tax Law and Article 86(1) of the New Tax Law Implementation Rules which stipulates that enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT.

Experienced management teams with proven track record of delivering sustainable growth and profitability

The Company's management has proven knowledge and expertise in the agricultural industry. In addition to the Directors, certain members of senior management, including among others, Mr. Xian Jia Xu (manager of the Hepu Plantation) and Mr. Zhong Kun He (executive controller of the Xinfeng Plantation) who have gained valuable experience by working for Tropicana China Beihai Food Company Limited which previously operated the Hepu Plantation and Mr. Wu Feng (general manager of the Hunan Plantation) who had also gained valuable experience at his previous employment with other agricultural companies, contribute to the Group's expertise. Given the experience gained at the Hepu Plantation and the Xinfeng Plantation, the Directors believe that the Group's management has the experience and local knowledge necessary for the successful development of the Hunan Plantation.

The Directors believe that the current competitive advantages enjoyed by the Group, coupled with the significant barriers to entry, are likely to position the Group well with respect to both existing market players as well as any potential new entrants.

The Directors believe that its lower cost structure provides the Group with a competitive advantage over importers of oranges to the PRC and, potentially, over non-PRC based producers in the worldwide orange market.

STRATEGIES

The Group's primary focus is selling high quality oranges at an affordable price and strengthening its position as a leading orange producer in the PRC. The Group's strategies comprise:

- increasing profitability by growing sales to supermarkets and expanding sales network into new cities in the PRC;
- increasing volume through higher production levels and sourcing from third parties;
- expanding vertically by developing the nursery business; and
- building a national brand in the PRC.

Increasing profitability by growing sales to supermarkets and expanding sales network into new cities in the PRC

As supermarkets require oranges to have a specific minimum size and may also request the oranges to be washed, waxed and packaged, the Group charges significantly higher prices and therefore generates higher profits per kg by selling oranges to supermarkets compared to other types of customers. During the years ended 30 June 2007, 2008 and 2009, the Group was able to achieve a selling price premium of 26% to 40% per tonne by selling graded and processed oranges to supermarkets over those sold to other customers. The Group has therefore been increasing the proportion of sales to supermarket chains. During the years ended 30 June 2007, 2008 and 2009, sales to supermarkets accounted for approximately 31.1%, 36.3% and 36.7% of the Group's total revenue generated from sales of oranges. The Group has supply contracts in place with nine supermarket chains for the year ended 30 June 2009 and is in discussions with others. The Directors are confident that additional supermarket supply contracts will be concluded in the future. The Group aims to further increase sales to supermarkets in both sales volume and as a proportion of the Group's own production, with a specific focus on supermarkets along the areas of Guangdong, Jiangxi and Jiangsu provinces.

The Group currently sells oranges to customers in Beijing, Shanghai, Shenzhen, Tianjin, Guangdong province, Guangxi Zhuang Autonomous Region, Guizhou province, Henan province, Hubei province, Hunan province, Jiangsu province and others. While maintaining good business relationships with current customers, the Group intends to expand its sales networks in major cities in the PRC, such as Beijing, Shanghai, Shenzhen and Guangdong province and to extend the sales networks to other cities in the PRC. Sales teams are in charge of locating and building contacts with supermarket chains and will propose suitable supermarkets to market and sell the Group's oranges. The Group targets small to medium sized supermarket chains as the Directors believe it is generally easier to introduce and establish the Group's brand of oranges to such supermarkets before targeting larger scale supermarkets.

Increasing volume through higher production levels and sourcing from third parties

The Group intends to increase its production volume, as the Directors believe that there is likely to be significant and continuing demand in the PRC for high quality oranges as a result of the significant increases in per capital GDP in the PRC in recent years and the increase in health and food safety awareness of the general public. With increased production volume, together with additional sourcing from third parties, the Group aims to enhance its market share in what is currently a highly fragmented domestic market.

The Directors anticipate that growth in production volume from the Group's plantations will continue to be driven by an increase in number of orange producing trees and the increasing maturity of the existing trees, which increases the yield of oranges per orange tree. The Directors believe that the Group's ongoing replanting programme in the Hepu Plantation which focuses on replacing existing Winter Orange trees with new species of Summer Orange trees that can produce higher yields, will deliver long term economic benefits by increasing average yields and the achievable revenue per tonne from the improved species of trees being planted.

A key growth driver has been the commercial scale production of the Xinfeng Plantation at which 1.6 million trees have been planted, yielding approximately 27,665 tonnes of oranges during the year ended 30 June 2009, representing an increase of approximately 173.4% over the previous year's production of 10,119 tonnes.

The Group commenced basic infrastructure work on the Hunan Plantation in 2008 and plans to continue investing in the Hunan Plantation over the next four years, targeting to plant approximately 2.4 million trees at the plantation by 2013.

The Group's research and development team will also continue to research on and develop new high yielding species of orange trees in order to increase the Group's orange production volume.

To meet future demand, which the Directors anticipate will continue to exceed the Group's production capacity, the Group will explore opportunities to source oranges from third parties. The Directors believe that these third-party sourcing operations will enable less capital intensive growth for the Group and diversify the plantation risk of the Group. To help ensure the high quality of the oranges sourced, the sourced oranges will be tested and graded by the Group. The Group has commenced third-party sourcing operations by entering into purchasing arrangements with farmers who will provide the Group with a first right of purchase under a sapling supply agreement, to purchase oranges produced from saplings that were previously sold by the Group to the farmers. Further details are set out in the paragraph below headed "Expanding vertically by developing the nursery business".

Expanding vertically by developing the nursery business

As part of its strategy to expand vertically, the Group has developed a nursery center at the Hepu Plantation in 2007. By growing the saplings in the Group's own nursery instead of purchasing them from other sapling producers or outsourcing, enables the Group to have better quality control over the growing process of the self-bred saplings to ensure the health of the self-bred saplings before they are planted in the plantation and also provides the Group with an additional source of income. The Group uses the saplings being grown in the Hepu nursery center for the replanting programme at the Hepu Plantation and after such internal demand is met, surplus self-bred saplings are sold to local farmers.

The Directors believe that the Group's commercial nursery operation in Hepu Plantation will be capable of producing 3 million to 4.5 million self-bred saplings every 12 to 18 months.

The Group intends to further develop a nursery business by growing orange tree saplings in the nursery centers at the Hunan Plantation for planting at the Hunan Plantation and for sale to independent farmers. Construction work of the sapling nursery centers covering an area of approximately 7,000 sq.m. is estimated to be completed and ready for growing self-bred saplings and rootstocks by December 2009.

As at the Latest Practicable Date, the Group has entered into 20 sapling supply agreements for the sale of over 200,000 saplings. Under the sapling supply agreement the farmers will have ownership over the oranges produced from the mature saplings but the Group has a first right of purchase to purchase such oranges from the farmers at a price equivalent to the prevailing wholesale market price. There is no obligation on the Group to purchase such oranges from the farmers. It is also provided in the sapling supply agreements that the Group will provide the purchasing farmer with technical expertise to help ensure the quality of the oranges produced by the saplings when fully grown. Each of the sapling supply agreements are on similar terms and conditions.

After the Hepu nursery and Hunan nursery have begun commercial operations, the Group may develop further nurseries, potentially including one in Hubei province.

Building a national brand in the PRC

The Group recognised the benefit of developing a well-known national brand in the PRC. As such, the Group established its own brand "Royal Star 新雅奇" and sells its oranges in packaged boxes printed with the Group's logo which would be easily recognised by the end-consumers. By expanding the sales network to supermarkets in new coastal cities in the PRC, the Group will widen the exposure and recognition of its brand to consumers across the PRC and the Directors believe that this will help to build a national brand. The Directors believe that a recognised brand is likely to enhance the Group's ability to compete in the nationwide market and build a national reputation for quality. With an established national brand name, the Directors believe the Group will be in a stronger position to compete against importers with globally recognised brands and to adjust its pricing structure accordingly. The Directors believe that brand recognition will also assist in the Group's strategy of increasing sales to supermarket chains and large retailers.

PRODUCTS

The orange trees are being planted in the Group's two operational plantations, namely the Hepu Plantation and the Xinfeng Plantation. The Group currently cultivates and sells two types of oranges, namely Winter Oranges (mainly Hamlin, Navel and Hong Jiang oranges) and Summer Oranges (Valencia oranges). Summer Oranges are generally harvested in the PRC between March and May. Winter Oranges are generally harvested in the PRC between October and December. Except for Hong Jiang, all of the Group's oranges were originated from the US. In general, US varieties of orange are larger in size than PRC oranges, whilst PRC oranges, such as Hong Jiang, tend to be sweeter.

The table below sets out the Group's sales volume and revenue of generated from selling of oranges for each of the years ended 30 June 2007, 2008 and 2009.

	Years ended 30 June								
	2007			2008			2009		
	Volume	Revenue	Revenue per tonne	Volume	Revenue	Revenue per tonne	Volume	Revenue	Revenue per tonne
	(tonne)	*(RMB'000)*	*(RMB)*	*(tonne)*	*(RMB'000)*	*(RMB)*	*(tonne)*	*(RMB'000)*	*(RMB)*
Winter Oranges	49,871	147,060	2,949	59,281	181,227	3,057	80,807	274,597	3,398
Summer Oranges	71,220	332,668	4,671	71,027	345,753	4,868	71,252	360,348	5,057
Total	121,091	479,728	3,962	130,308	526,980	4,044	152,059	634,945	4,176

The Group sold an increasing number of Winter Oranges compared to Summer Oranges during the Track Record Period as the production of oranges at the Xinfeng Plantation and Hepu Plantation increased with maturing Winter Orange trees. The Group also sold more Winter Oranges than Summer Oranges as there were an aggregate of approximately 1.3 million orange producing Winter Orange trees at both the Hepu Plantation and Xinfeng Plantation for the year ended 30 June 2009 compared to 568,706 Summer Orange trees at the Hepu Plantation for the year ended 30 June 2009. As advised by the Directors, Xinfeng Plantation is more suitable to grow Winter Orange trees due to, among others, the soil composition and the cooler weather, as such the Group decided to only plant Winter Orange trees in Xinfeng Plantation. To capitalise on the higher average selling prices of Summer Oranges compared to Winter Oranges, the Group has commenced a replanting programme mainly to replace existing Winter Orange trees at the Hepu Plantation with a new species of Summer Orange trees. Further details of the replanting programme are set out under the paragraph below headed "The Hepu Plantation - Replanting programme".

The following table sets out the characteristics of the Group's Summer Oranges and Winter Oranges.

Summer Oranges

Orange Species	Solubility	Acidity level	Average weight	Average width
	(%)	*(%)*	*(grams)*	*(cm)*
Valencia	15.3	0.9	251	8.2

Winter Oranges

Orange Species	Solubility	Acidity level	Average weight	Average width
	(%)	*(%)*	*(grams)*	*(cm)*
Hong Jiang	15.6	0.6	175	7.2
Hamlin	14.2	0.5	196	6.8
Navel (Newhall)	14.8	0.5	280	8.7
Navel (Caraccara)	15.4	0.6	275	8.6

Set out below are relevant standards relating to the solubility, acidity level and size of oranges extracted from the PRC national standards relating to fresh citrus issued by the Bureau of Technical Supervision:

	Quality		
Characteristics	**Excellent grade**	**First-rate grade**	**Second-rate grade**
Solubility (%)	≥ 10	≥ 9.5	≥ 9
Acidity level (%)	≤ 0.9	≤ 1	≤ 1.2
Width (cm) - for large oranges	≥ 6.5	≥ 6.0	≥ 6.0
Width (cm) - for medium oranges	≥ 6.0	≥ 5.5	≥ 5.5
Width (cm) - for small oranges	≥ 5.5	≥ 5.0	≥ 5.0

Based on the above, the solubility, acidity level and size of the Group's oranges would be considered as being of excellent quality according to the PRC national standards relating to fresh citrus issued by the Bureau of Technical Supervision.

The table below illustrates the harvest periods of the Group's oranges. The Group's revenue will generally be subject to fluctuations between the non-seasonal periods from January to February, and from June to September. To reduce the seasonality of the Group's revenue, the Group has commenced a replanting programme at the Hepu Plantation, further details of which are set out under the section headed "The Hepu Plantation" below. The Group also has plans to plant a combination of different species of summer Valencia orange trees with different ripening periods at the Hunan Plantation which will extend the Group's existing harvest periods. The Group also has ten refrigerating units at the Hepu Plantation with a total storage capacity of approximately 1,500 tonnes of oranges and has plans to build more refrigerating units with a capacity of 20,000 tonnes of oranges at the Xinfeng Development. Oranges at the Hepu Plantations are usually delivered to customers once they are harvested or after they are processed. Occasionally, customers may not be able to arrange collection of oranges from the Hepu Plantation on the same day of harvest and such oranges will be stored in the refrigerating units for one to two days to maintain their freshness before they are collected or transported to the Group's customers. The Group intends to use the refrigerating units to be built at the Xinfeng Plantation to store Winter Oranges over a longer period of time compared to the oranges at the Hepu Plantation. This will enable the Group to stagger supply of Winter Oranges throughout the year, therefore reducing the seasonality of the Group's revenue and benefiting from higher pricing during periods of unmet demand.

<table>
<tr><th>Month</th><th>Oranges harvested presently at Hepu Plantation</th><th>Oranges to be harvested at Xinfeng Plantation</th></tr>
<tr><td>January</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>February</td></tr>
<tr><td>March</td><td rowspan="3">Summer Oranges</td><td rowspan="3"></td></tr>
<tr><td>April</td></tr>
<tr><td>May</td></tr>
<tr><td>June</td><td colspan="2" rowspan="4"></td></tr>
<tr><td>July</td></tr>
<tr><td>August</td></tr>
<tr><td>September</td></tr>
<tr><td>October</td><td rowspan="3">Winter Oranges</td><td rowspan="3">Winter Oranges</td></tr>
<tr><td>November</td></tr>
<tr><td>December</td></tr>
</table>

Depending on various factors, such as soil and weather conditions, level of rainfall and sunshine, the type of oranges being planted in each plantation differs. Currently, the Hepu Plantation produces both Winter Oranges and Summer Oranges, while the Xinfeng Plantation only produces Navel oranges which are Winter Oranges. The Hunan Plantation is planned to produce Summer Oranges only.

The total quantity of oranges produced by the Hepu Plantation and the Xinfeng Plantation was approximately 121,091 tonnes, 130,308 tonnes and 152,059 tonnes, respectively, during the years ended 30 June 2007, 2008 and 2009.

The production methods adopted by the Group have enabled the Group to obtain the "Organic Products" accreditation from the China Organic Food Certification Centre. The "Organic Products" certificate was awarded to Litian (Xinfeng) in February 2008 and Lucky Team (Hepu) in July 2008, and these certificates have all been renewed in 2009. The "Organic Products" certificate issued to Lucky Team (Hepu) and Litian (Xinfeng) are valid until 28 February 2010 and 27 February 2010 respectively. The "Organic Products" certificate allows the Group to sell certain oranges using the "Organic Products" label as a recognition of the high quality of oranges produced by the Group.

PLANTATIONS

Plantation Capacity

The Group's sales volume is primarily a function of its plantation capacity. The success of the Group's business depends largely on the growth and volume of oranges harvested at its plantations. The Group has been increasing its plantation capacity since 2002 by developing the Xinfeng Plantation which is now fully planted with approximately 1.6 million Winter Orange trees, of which 800,000 oranges trees were of orange-bearing age as at 30 June 2009 and the remaining will reach their orange-bearing age and contribute to the production volume by winter 2010. Together with the Hepu Plantation, as at 30 June 2009, the Group had approximately 2.9 million orange trees of which approximately 2.0 million orange trees are in production.

The plantation capacity is also affected by the yield which in turn varies depending on the maturity of the oranges trees. Normally, orange trees start to bear fruit four years after they are planted in the plantations. The yield of oranges typically increases between years five and ten. Thereafter, the trees continue to bear oranges for approximately a further 20 years reaching the age of 25 to 30 years, after which a gradual decline in yield is generally seen.

Selection of cultivation and processing bases

The Directors consider that the location of the Group's plantations has a significant bearing on the level of productivity of its orange trees and on the quality of the oranges produced by those trees. The Directors confirm that when selecting new plantations, the Group will look for locations which process one or more of the following characteristics:

1. access to a substantial size of land;

2. an optimal, pollution-free environment;

3. fertile soil and ease of drainage and irrigation;

4. suitable weather conditions including rainfall, sunshine and temperature;

5. an abundant supply of low-cost work force;

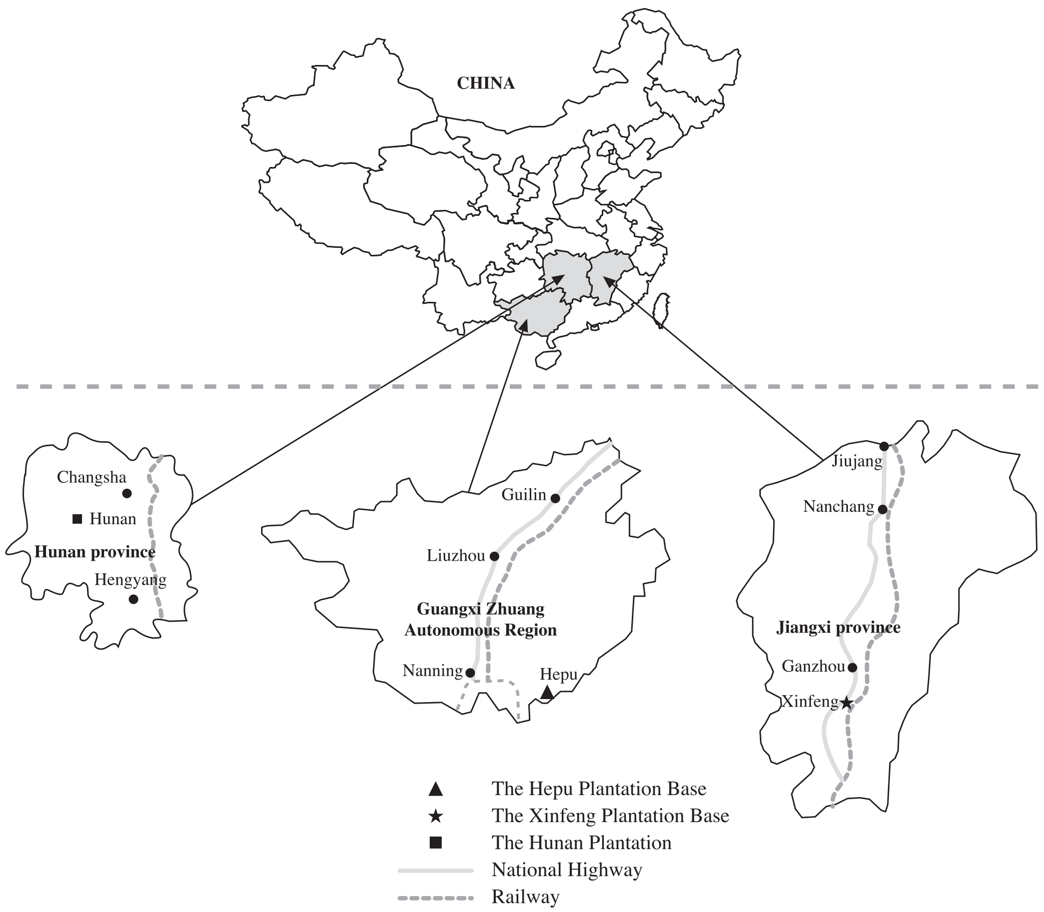
6. easy access to and availability of raw materials such as pesticides and fertilisers;

7. no damage caused by natural disasters in the recent past; and

8. supported by an efficient transportation system.

Plantation Bases

Set out below is an illustration of the location of the Guangxi Zhuang Autonomous Region where the Hepu Plantation is located, the Jiangxi province, where the Xinfeng Plantation is located and the Hunan province, where the Hunan Plantation is located:



The following is a list of some of the characteristics of the three locations of the Group's plantation bases:

	Hepu Plantation	Xinfeng Plantation	Hunan Plantation
Location	Approximately 20 km from the southern coastal city of Beihai in the Guangxi Zhuang Autonomous Region. Occupies approximately 46,000 mu (equivalent to approximately 30.7 sq.km. of land)	Located in Jiangxi province in southeast of the PRC. Occupies approximately 56,000 mu (equivalent to approximately 37.3 sq.km. of land)	Located in Hunan province. Occupies approximately 53,000 mu (equivalent to approximately 35.3 sq.km. of land)
Year in which orange trees started to bear fruit	2000	2007	Expected in year 2014
Number of Summer Orange trees as at 30 June 2009	700,026	n/a	Expected to be approximately 2.4 million in 2013
Number of Winter Orange trees as at 30 June 2009	592,103	1,600,000	n/a
Landscape	The total area consists mainly of plains with relatively few terraces and hills	Surrounded mainly by terraces and hills	Mainly flat land with a few terraces and hills
Climate	Subtropical with oceanic monsoons	Subtropical and wet with monsoons	Subtropical and wet with monsoons
Annual sunshine on average	1,921 hours	1,811 hours	1,600 hours
Annual average temperature	22.4 degrees Celsius	19.5 degrees Celsius	18.6 degrees Celsius
Lowest temperature	-0.8 degrees Celsius	-5.1 degrees Celsius	-3.9 degrees Celsius
Frost-free period	358 days	298 days	309 days
Annual average rainfall	1,663mm	1,528mm	1,519mm

Set out below are the main terms of the relevant agreements in relation to the Group's plantations and their compliance with the relevant laws and regulations of the PRC.

Hepu Plantation

The Co-operation Agreement was entered into between Newasia and the Hepu Government on 6 March 2000 whereby the parties agreed, among other things, that Newasia would, with the co-operation and assistance of the Hepu Government, lease the Hepu Plantation from the relevant legal land owners and develop the Hepu Plantation.

The Co-operation Agreement provided, among other things, that:-

(i) The Hepu Government would assist Newasia to enter into the Hepu Leases with the relevant land owners of the Hepu Plantation and assist Newasia to obtain a valid land use right in respect of the Hepu Plantation.

(ii) The Hepu Government would transfer all the property at the Hepu Plantation to Newasia (including but not limited to the orange trees, plantation nursery, irrigation system, warehouse and other movable property) for the duration of the Hepu Leases on the condition that such property is returned to the Hepu Government upon expiry of the Hepu Leases.

(iii) Rent is payable at a rate of RMB60 per mu, subject to an increase once every three years at 72.5% of the three years average movement in the national statistical real estate price index announced by the National Bureau of Statistics of the PRC in the three years prior to the year when the adjustment is made (provided that the rent shall remain the same if the three years average national statistical real estate price decreases).

On 27 August 2009, the Hepu Government and Newasia entered into a supplemental agreement to the Co-operation Agreement to remove the requirement for Newasia to return the property at the Hepu Plantation to the Hepu Government at the expiry of the Hepu Leases.

The Hepu Leases have a land-use term of 50 years commencing from 25 June 2000 and ending on 25 June 2050.

The rights and obligations of Lucky Team (Hepu) and the legal land owners to the land at the Hepu Plantation under the Hepu Leases includes, but is not limited to the following:

Rights of Lucky Team (Hepu)

1. Exclusive possession, right of utilisation for agricultural development and farming of the land at the Hepu Plantation during the validity period;

2. right to plant and reap oranges; and

3. ownership of and discretional disposal rights to the existing planted oranges at the Hepu Plantation.

Obligations of Lucky Team (Hepu)

1. To use the land independently during the validity period without prejudice to pubic interests and to carry out its business activities under the relevant requirements by the Land Administration Law of the PRC and the Environmental Protection Law of the PRC and the good practices for agricultural business;

2. to undertake adequate efforts towards land protection, maintenance of irrigation and drainage facilities and soil improvement, so as to prevent land desertification, salinization and soil erosion, and excessive harmful residues out of toxic chemicals and fertilizers;

3. to obtain consent from the original land owner or user and approval from the relevant authority before changing the use and range of use of the land during the validity period; and

4. pay all land-use fees on time.

Obligations of the legal land owners

1. To assist Lucky Team (Hepu) in obtaining access to the use of water, road, electricity or telecommunication services;

2. to assist in handling applications, approvals and permits by related requirements during the validity period; and

3. to assist in negotiating with providers of electricity, coal, fuel or other basic materials and construction service, as well as other third parties, to obtain all the rights and permit required for use of the land and construction and operations at the Hepu Plantation.

Termination events

Lucky Team (Hepu) shall have the right to terminate the Hepu Leases immediately by giving 30 days prior notice in writing to the relevant legal land owners in the event that:

1. In the sole opinion of Newasia, Lucky Team (Hepu) is for a period of more than 90 days, unable to (i) conduct operations in accordance with its articles of association; (ii) use the land in the manner contemplated under the Hepu Leases; and (iii) achieve satisfactory financial and operating results;

2. Newasia or its affiliated companies ceases to have control over Lucky Team (Hepu) or the assets of Lucky Team (Hepu) by reason of measures taken by the PRC government or other PRC authorities; or

3. the legal land owners act in material breach of any responsibilities arising under the Hepu Leases or any other agreement between Newasia and its affiliated companies, and such breach is not remedied within 60 days after Newasia issues a warning.

The legal land owners shall have the right to terminate the Hepu Leases immediately after giving 30 days prior notice in writing to Newasia in the event that:

1. Lucky Team (Hepu) or Newasia is in default on any rentals due and payable under the Hepu Leases for 30 days or more, and such default payment is not satisfied within 60 days after the legal land owner gives Newasia the relevant termination notice; or

2. Newasia acts in material breach of any responsibilities arising under the Hepu Leases, and such breach is not remedied within 60 days after the legal land owner issues a warning.

The Group's PRC legal advisers advised that:

(a) The supplemental agreement dated 16 July 2009 of the Hepu Leases was (i) entered into by more than two thirds of the local villagers; (ii) approved by the Hepu Government; and (iii) complies with the PRC Rural Land Contracting Law (中華人民共和國農村土地承包法).

(b) Lucky Team (Hepu) has registered the Hepu Leases with the appropriate government authorities.

(c) On 9 September 2009, the Hepu Government issued a confirmation stating that it would not issue any certificates for the operation of contracted rural land (土地承包經營證) nor forestry land use rights certificates (林地使用權證) to any company or corporation.

(d) As at 30 June 2009, Lucky Team (Hepu) has paid all land use fees payable under the Hepu Leases and there have been no events that may cause the termination of the Hepu Leases.

(e) On 20 August 2009, the Hepu Government issued a confirmation letter to confirm that all trees at the Hepu Plantation have been registered under the name of Lucky Team (Hepu) and that Lucky Team (Hepu) has ownership rights to such trees. Accordingly, Lucky Team (Hepu) has the right to plant and reap oranges and own the existing planted orange trees.

(f) On 9 September 2009, the Hepu Government issued a confirmation stating that it has been its policy not to issue forestry ownership certificates (林木所有權證) to any companies save and except for economic organisations and local villagers.

(g) Newasia has lawfully obtained the contracting operation right and forestland use right of the existing plantations from the original legal land owners of the land at the Hepu Plantation, and such rights have been transferred to Lucky Team (Hepu). The Hepu Leases comply with applicable PRC laws, fulfil relevant approval procedures, and are lawful and effective and legally binding on the parties. Lucky Team (Hepu) is entitled to occupy and use the parcel of land at the Hepu Plantation within the duration of the Hepu Leases and its occupation and use of such land is protected by law.

Xinfeng Plantation

The Xinfeng Lease is valid for a term of 50 years commencing from 25 September 2002 and ending on 25 September 2052. The annual rental is RMB60 per mu.

The rights and obligations of Newasia and the legal land owners to the land at the Xinfeng Plantation under the Xinfeng Lease includes, but is not limited to the following:

Rights of Newasia

1. To construct ancillary facilities on the leased area; and

2. to determine the operating plan for crops layout, cultivated variety, irrigation facilities, roads, offices and building land within the leased area.

Obligations of Newasia

1. Within half a month after the Xinfeng Government provides the certificate of the other rights of land and red-line map, Newasia shall establish a wholly-owned foreign company with the registered capital of US$15 million in Xinfeng and invest RMB250 million in the comprehensive development of fruit industry of 52,000 mu; and

2. Newasia shall pay off the land rent in one lump sum at the rate of RMB60 per mu within one month after receipt of the certificate of the other rights of land and red-line map.

Obligations of the Xinfeng Government

1. In respect of the mountain land located in the common boundary of Jiading Town and Gubo Town, the Xinfeng Government shall lease such land to Newasia for the comprehensive development of a fruit plantation;

2. the Xinfeng Government is required to provide Newasia with the certificate of the other rights of land and red-line map issued by Land and Resources Bureau to Newasia; and

3. the Xinfeng Government shall permit Newasia to enjoy national, provincial, municipal and Xingfeng county level preferential policies on fruit plantation development and investment attraction;

Termination events

The Xinfeng Lease shall be terminated at the expiry of the effective term of 50 years.

The Group's PRC legal advisers advised that:

(a) Pursuant to the confirmation letter dated 5 August 2009 from the farmer-households and village committees which they belong to, the farmer-households have authorised the Xinfeng Government to lease their land to Litian (Xinfeng) under the Xinfeng Lease. The Xinfeng Lease thus constituted a land turnover relationship (土地承包經營權流轉關係) between Litian (Xinfeng) and the farmer-households.

(b) The Xinfeng Government has issued a confirmation letter on 9 September 2009 to confirm that the farmer-household representative has duly registered the nature of the lease between Litian (Xinfeng) and the farmer-households with the appropriate authorities.

(c) As at 30 June 2009, Litian (Xinfeng) has paid all land use fees payable under the Xinfeng Lease and there have been no events that may cause the termination of the Xinfeng Lease.

(d) On 20 August 2009, the Xinfeng Government issued a confirmation letter to confirm that all trees at the Xinfeng Plantation have been registered under the name of Litian (Xinfeng) and that Litian (Xinfeng) has ownership rights to such trees. Accordingly, Litian (Xinfeng) has the right to plant and reap oranges and own the existing planted orange trees.

(e) On 10 September 2009, the Xinfeng Government issued a confirmation stating that it has been its policy not to issue forestry ownership certificates (林木所有權證) to any companies save and except for economic organisations and local villagers.

(f) Newasia has lawfully obtained the land use right to the Xinfeng Plantation and has transferred its rights under the Xinfeng Lease to Litian (Xinfeng). The Xinfeng Lease is lawful and effective and legally binding on the parties. Litian (Xinfeng) is entitled to occupy and use this parcel of land within the duration of the Xinfeng Lease and its occupation and use of the parcel of land constituting the Xinfeng Plantation is protected by law.

Hunan Plantation

Under the Hunan Leases, Newasia has leased two parcels of land with the term of the first parcel of land with an area of approximately 5,000 mu (equivalent to approximately 3.3 sq.km.) being 50 years commencing from 1 June 2008 and ending on 31 May 2058. The second parcel of land with an area of approximately 7,000 mu (equivalent to approximately 4.7 sq.km.), is leased for a term commencing from 1 March 2009 and ending on 29 February 2059. The annual rental is RMB60 per mu.

The rights and obligations of Newasia and the legal land owners to the land at the Hunan Plantation under the Hunan Leases includes, but is not limited to the following:

Rights of Newasia

1. To carry out production and management of the land; and

2. to have a priority to renew the leases upon the expiry of the same.

Obligations of Newasia

1. Shall not change the agricultural use right of the land;

2. shall pay all rents on time; and

3. shall maintain and effectively protect the land and keep it in good condition for cultivation.

Obligations of the legal land owners

1. Shall assist Newasia in exercising the land management right in accordance with the contract;

2. shall assist in resolving disputes arising from water and electricity consumption during the use of the land; and

3. shall not interfere with the normal operation activities conducted by Lucky Team (Yongzhou).

The Hunan Leases may be terminated under the following circumstances:

1. Upon agreement by both parties;

2. if there are any substantial adjustments or changes to PRC national policies which the Hunan Leases are based upon; and

3. if the agreements cannot be performed due to any unforeseen events or circumstances.

The Group's PRC legal advisers advised that:

(a) Pursuant to the Hunan Leases, Newasia obtained the land use rights for the land at the Hunan Plantation under a "land turnover relationship in special contracting operations" by leasing land that was already contracted by farmer-households. Newasia has validly transferred such land use rights to Lucky Team (Yongzhou) and the farmer-households and relevant village committees have issued a confirmation letter dated 5 August 2009 to confirm that Lucky Team (Yongzhou) has the right to occupy and utilize the above land.

(b) The Hunan Government has issued a confirmation letter on 10 September 2009 to confirm that the farmer-household representative has duly registered the nature of the lease between Lucky Team (Yongzhou) and the farmer-households with the appropriate authorities.

(c) As at 30 June 2009, Lucky Team (Yongzhou) has paid all land use fees payable under the Hunan Leases and there have been no events that may cause the termination of the Hunan Leases.

(d) Newasia has lawfully obtained the land use right to the existing plantations from villagers and has transferred the same rights to Lucky Team (Yongzhou). The Hunan Leases are lawful and effective and legally binding on the parties. Lucky Team (Yongzhou) is entitled to occupy and use this parcel of land within the duration of the Hunan Leases and its occupation and use of this parcel of land is protected by law.

The Group's PRC legal advisers have further advised that:

1. Although Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team (Yongzhou) did not obtain certificates for the operation of the contracted rural land (土地承包經營證) or forestry land use rights certificates (林地使用權證), each of the Hepu Leases, Xinfeng Lease and the Hunan Leases conform to the requirements of the PRC law and have come into effect and are legally binding on all parties to the leases. Pursuant to the PRC Rural Land Contracting Law, the contracting party obtains the right to the contracted land upon the contract taking effect and the rights to occupy and utilise the land according to the relevant leases are protected under PRC laws and would not be affected without the certificates for the operation of the contracted rural land (土地承包經營證) or forestry land use rights certificates (林地使用權證).

2. Pursuant to the PRC Forestry Law (中華人民共和國森林法), forestry ownership shall be confirmed by the local people's government at or above the county level. Although neither Lucky Team (Hepu) nor Litan (Xinfeng) have obtained the forestry ownership certificates (林木所有權證) in respect of orange trees at the Group's plantations, the orange trees have been registered with the people's governments at the county level for confirmation of ownership. Accordingly, both Lucky Team (Hepu) and Litan (Xinfeng) are entitled to the ownership of trees at the plantations and their legal entitlement will not be affected by not having the forestry ownership certificates (林木所有權證). The Group's PRC legal advisers have further advised that the Hepu and Xinfeng forestry bureaus do not have the authority to issue forestry ownership certificates in respect of the Hepu Plantation and Xinfeng Plantation to any other third party, including but not limited to local villages and economic organisations, since, (i) the orange trees at the plantations have either been legally transferred to or planted by the Group itself; (ii) the Group has been registered as the owner of the orange trees at the plantations and its ownership to the orange trees have been confirmed by the Hepu and Xinfeng Government, respectively; and (iii) there are no facts showing that other persons have any rights with respect to the trees at the Hepu Plantation and Xinfeng Plantation.

3. According to the PRC Rural Land Contracting law, the permissible contracting period in respect of forest land is between 30 to 70 years. Accordingly, the lease terms of 50 years obtained by Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team (Yongzhou) are lawful and permissible.

The Directors confirm that there has not been any material dispute between the Group and any of the lessors of the plantation bases from the commencement of the term of the relevant leases to the Latest Practicable Date. The Directors are not aware of any matters or circumstances which may result in the early termination of any of such leases. The Directors confirm that there has been no dispute or challenge against the Group on the use of or lease of the Group's plantations during the Track Record Period.

Operation of the Group's plantation bases

For administrative purposes, the Group has divided the Hepu Plantation into twenty-two zones while the Xinfeng Plantation is divided into four zones. For efficiency, each zone is planted with the same species and age of orange trees, as such, the life span, conditions, plantation capacity of orange trees within the same zone is similar and easier for management and control. The Group has allocated supervisors and section heads to supervise different zones. Each supervisor is responsible for the overall daily operation and maintenance of orange trees (including the irrigation, soil management, application of fertilisers and pest control) in the zone for which he is responsible with the assistance of the section head and farming and field management employees. Each supervisor has to report to the head of the Plantation Department in respect of the conditions of orange trees in his zone.

Orange trees that are grown in the plantations are carefully inspected periodically to ensure that the trees are not infected with diseases or being attacked by pests. Orange trees are planted in an orderly manner to maximise the efficient use of land as well as to ensure that the orange trees have sufficient space to grow. Where certain plantations are susceptible to strong winds, taller trees are strategically grown to form windbreak forests around the plantations to fence off strong winds and debris that may damage the orange trees. Grass is also strategically grown around the trees to act as green manure. Water is usually supplied naturally from rainfall and in drier seasons when necessary, water from reservoirs located in the plantations can also be supplied to the orange trees through the irrigation systems installed by the Group. The Directors believe that all three plantation locations offer favourable characteristics which are conducive to growing oranges, including:

- favourable climate conditions, such as mild weather, good levels of sunshine and high humidity, all of which help to provide a long growing season for the Group's produce;
- favourable soil conditions, such as high concentration of nutrients and minerals and ability to hold water, which are essentials for growing of orange trees;
- a large farmland area, which allows sufficient growing space and efficient usage of equipment;
- an ecological environment that encourages growth and which facilitates compliance with the organic food production standards;
- natural protection from adverse weather conditions in order to minimise the risks and effects of potential natural disasters, such as droughts, floods, typhoons, hailstorms, frost and rainstorms; and

- convenient access to transportation networks, which facilitates the supply of raw materials and equipment and the delivery of oranges.

The Hepu Plantation

The Hepu Plantation is fully planted and comprises approximately 1.3 million orange trees. Of these, approximately 1.2 million trees were producing oranges during the year ended 30 June 2009. The output from the Hepu Plantation over the Track Record Period is as follows:

	Year ended 30 June					
	2007		2008		2009	
Types of orange	Number of orange producing trees	Output in tonnes	Number of orange producing trees	Output in tonnes	Number of orange producing trees	Output in tonnes
Winter Oranges	601,211	46,219	546,026	49,162	592,103	53,142
Summer Oranges	644,841	71,220	568,706	71,027	568,706	71,252
Total	1,246,052	117,439	1,114,732	120,189	1,160,809	124,394

As at 30 June 2007, 2008 and 2009, the average age of Winter Orange trees in the Hepu Plantation were 7.4 years, 8.4 years, and 8.8 years, respectively, whereas the average age of Summer Orange trees in the Hepu Plantation were 11.0 years, 10.7 years and 10.5 years, respectively. The output of oranges generally increases with an increasing maturity of the orange trees.

Replanting programme

Since January 2007, the Group launched a replanting programme in the Hepu Plantation which includes replacement of certain existing species with more advanced and better quality varieties that have stronger resistance against diseases and pests and higher yield. It is the Group's intention to implement this partial replanting programme on a step-by-step basis in order to optimise its positive impact on the Group's overall performance. The ongoing replanting strategy is expected to cover 5% of the Hepu Plantation's trees per annum and it will be principally focused around replanting the existing Winter Orange trees in the Hepu Plantation with new species of Summer Orange trees. The growth conditions of the orange trees and expected yield of the orange trees are among the key criteria for selecting the orange trees to be removed and replaced. For the year ended 30 June 2009, 81,261 Winter Orange trees have been removed and the same number of Summer Orange trees have been replanted, and there are currently approximately 240,000 Winter Orange trees at the Hepu Plantation which are due to be replaced over the next three to four years. Based on the results of the internal research, the Group is confident that the replanting programme will deliver long term economic benefits by increasing average yields and the achievable revenue per tonne. The Group recorded a decrease in fair value of biological assets of approximately RMB27.3 million, RMB45.2 million and RMB63.6 million for the years ended 30 June 2007, 2008 and 2009 respectively due to replanting programme.

The table below is an analysis of the age of the existing orange trees in the Hepu Plantation and the age of orange trees that had been replaced since the commencement of the replanting programme. The age of an orange tree is represented in terms of the number of years that an orange tree has been planted in the plantation. Orange trees aged between years 0 to 3 are considered infant trees and do not bear any oranges until they reach the age of 4 years and over. Infant trees are not counted toward the total number of orange producing trees. If an orange tree was removed after oranges were harvested from that orange tree, the removal of that orange tree would be reflected in the next year. Alternatively, if an orange tree was removed prior to the harvesting of oranges on that orange tree, the removal of that orange tree would be reflected in the same year. Further details are provided in the notes to the table below:

Age analysis

	For the year ended 30 June		
	2007	**2008**	**2009**
Winter Orange			
Orange tree age			
Yr2	46,077	—	—
Yr3	—	46,077	—
Yr4	180,180	—	46,077
Yr5	42,300	180,180	—
Yr6	—	42,300	180,180
Yr7	—	—	42,300
Yr10	274,349[1]	—	—
Yr11	91,394	219,164[1]	—
Yr12	12,988	91,394	219,164
Yr13	—	12,988	91,394
Yr14	—	—	12,988
Number of trees	647,288	592,103	592,103
Number of infant trees	46,077	46,077	—
Number of orange producing trees	601,211	546,026	592,103

	For the year ended 30 June		
	2007	**2008**	**2009**
Summer Orange			
Orange tree age			
Yr0	55,185[1]	76,135[2]	81,261[3]
Yr1	—	55,185	76,135
Yr2	—	—	55,185
Yr10	29,996	—	—
Yr11	205,101[2]	29,996	—
Yr12	186,003	128,966[2]	29,996
Yr13	223,741	186,003	128,966
Yr14	—	223,741	186,003
Yr15	—	—	223,741
Number of trees	700,026	700,026	781,287
Number of infant trees	55,185	131,320	212,581
Number of orange producing trees	644,841	568,706	568,706
Total number of orange producing trees	**1,246,052**	**1,114,732**	**1,160,809**

Note 1: Around January 2007, 55,185 Winter Orange trees (aged year 10) were removed and the same number of Summer Orange trees (aged year 0) were replanted. As Winter Oranges had been harvested from these 55,185 Winter Orange trees prior to their removal during the year ended 30 June 2007, the removal of 55,185 Winter Orange trees is reflected in the next year (i.e. the year ended 30 June 2008).

Note 2: Around January 2008, 76,135 Summer Orange trees (aged year 12) were removed as they were found not to be growing well during inspections carried out by the Group, and the same number of Summer Orange trees (aged year 0) were replanted. As the removal of the 76,135 Summer Orange trees (aged year 12) in January was prior to the harvest period of Summer Oranges (March to May) for the year ended 30 June 2008, the removal and replanting of the Summer Orange trees were reflected in the same year (i.e. year ended 30 June 2008).

Note 3: Around December 2008, 81,261 Winter Orange trees (aged year 13) were removed and the same number of Summer Orange trees (aged year 0) were replanted. As the Winter Oranges were harvested from the 81,261 Winter Orange before they were removed, the 81,261 Winter Orange trees removed will be reflected in the next year ending 30 June 2010.

Nursery center

The Group has also developed a nursery centre at the Hepu Plantation for growing orange stock seedlings and cultivating rootstock. The nursery occupies an area of approximately 10,000 sq.m. As at 30 June 2009, approximately 450,000 self-bred saplings of five different species of orange trees are currently grown in the nursery. Currently, the Directors plan to use these self-bred saplings for the replanting programme in the Hepu Plantation and after such internal demand is met, the surplus will be sold to local farmers.

The Xinfeng Plantation

The Xinfeng Plantation is fully planted and comprises 1.6 million Winter Orange trees. The first commercial harvest started during the six months ended 31 December 2007 and there were 800,000 trees producing oranges during the year ended 30 June 2009. The output from the Xinfeng Plantation over the Track Record Period is as follows:

	Year ended 30 June					
	2007		2008		2009	
Types of orange	Number of orange producing trees	Output in tonnes	Number of orange producing trees	Output in tonnes	Number of orange producing trees	Output in tonnes
Winter Oranges	400,000	3,652	400,000	10,119	800,000	27,665

As at 30 June 2007, 2008 and 2009, the average age of Winter Orange trees in the Xinfeng Plantation were 1.8 years, 2.8 years, and 3.8 years, respectively.

The average age of the trees at the Xinfeng Plantation are significantly younger than the average age of the trees at the Hepu Plantation and consequently, the output of oranges at the Xinfeng Plantation is also significantly lower than the output at the Hepu Plantation.

The terraced terrain of the Xinfeng Plantation makes it possible to plant trees more densely than at the Hepu Plantation. The Directors expect all the trees at the Xinfeng Plantation will reach fruit-bearing age by the end of 2010.

The Hunan Plantation

Construction work has commenced on the site and sapling nurseries are estimated to be completed and ready for growing rootstocks by December 2009. Similar to the nurseries at the Hepu Plantation, the rootstocks will be grafted and grown and nurtured into saplings under controlled environments in the nurseries to keep pests and diseases away and to ensure that the young trees are healthy before they are planted on the open field. Around 100,000 self-bred saplings will be ready for development at the Hunan Plantation by the end of 2010. The Directors believe that the Hunan Plantation will be fully developed, with the commencement of the growth of approximately 2.4 million orange trees by 2013. If the development of the Hunan Plantation proceeds on schedule, the plantation's first commercial harvest will take place in 2014. The Directors currently estimate that the total investment on the development of the Hunan Plantation is likely to be approximately RMB572.3 million.

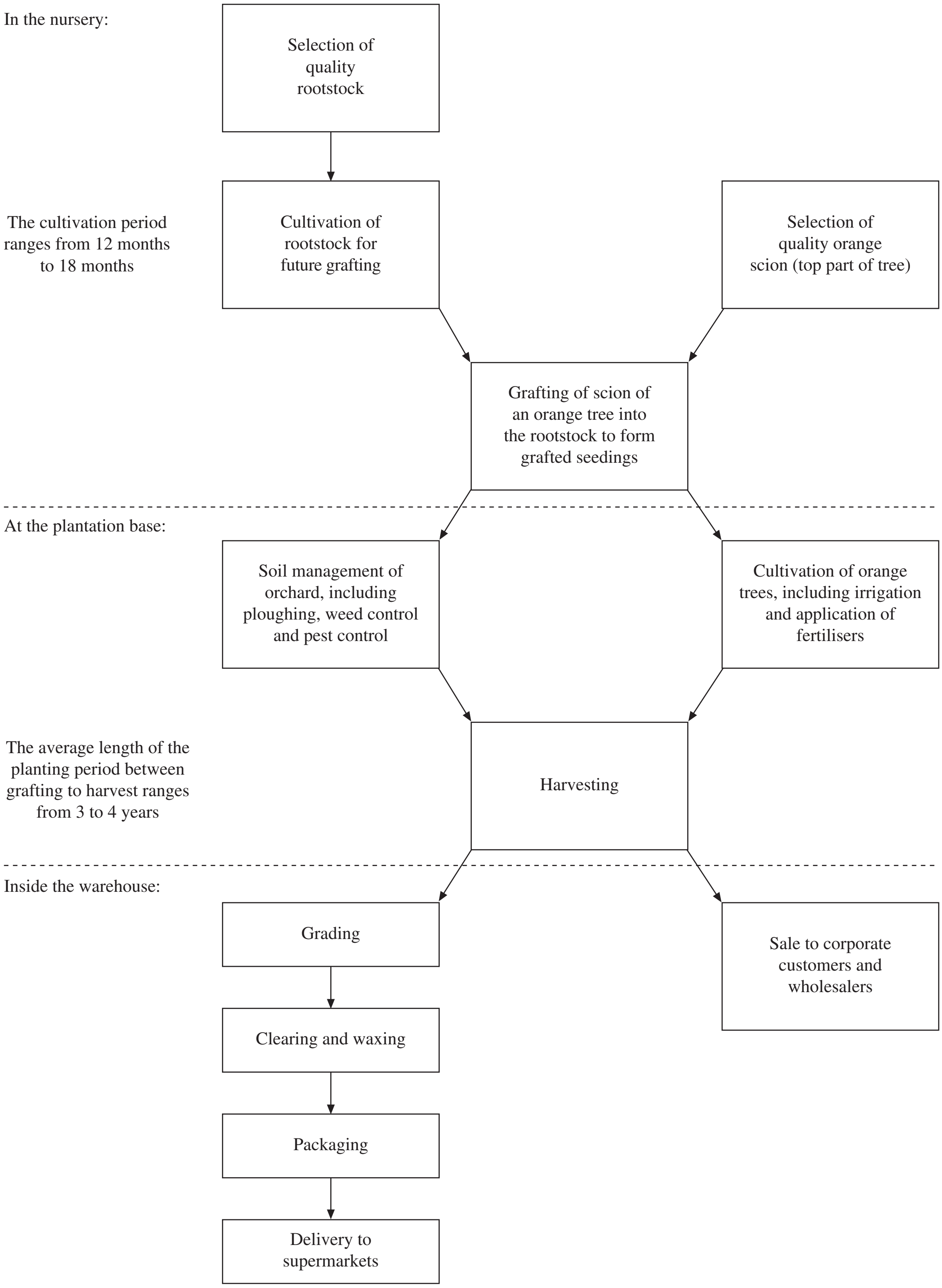
Hunan province borders Hubei in the north and the Group's other operational hubs: Jiangxi to the east and Guangxi to the southwest. Dao county, where the plantation would be located, is an area in the south of Hunan province that enjoys comparatively fertile soil and favourable conditions particularly conducive to the production of Summer Oranges. Dao county offers good transport links, with major expressways spanning its length and breadth. In addition, several motorways are planned that will pass through Dao county and extend to Shenzhen and Hong Kong.

The Directors believe that with the experience gained from development and operation of the Hepu Plantation and the Xinfeng Plantation, the Hunan Plantation site will be as successful as, if not more successful than, the Hepu Plantation and the Xinfeng Plantation. The development of a plantation in Hunan province will create, along with the Hepu Plantation and the Xinfeng Plantation, a "three area alliance" as the base for the Group's orange production. Three areas have different meteorological and topographical profiles which the Directors believe will complement one another and assist the Group in developing the best methods for the cultivation, selection and sale of oranges.

PRODUCTION

During the years ended 30 June 2007, 2008 and 2009, all of the Group's oranges are produced from the Hepu Plantation and the Xinfeng Plantation.

The following flow charts illustrate the Group's major production process of its oranges:



Cultivation of orange trees in nursery

New orange trees are cultivated by grafting the shoots of mother trees of desired species that are kept inside a controlled environment, onto the rootstock of a different species with a view to facilitating better growth. To ensure that mother trees and rootstock are free from disease and are not attacked by pests, the mother trees are kept inside the Group's greenhouses and the rootstocks are grown inside the Group's nurseries at the Hepu Plantation. The selection of rootstock depends on a variety of factors including the weather, climate and soil. Additional factors that the Group takes into account in this process include the ability to resist disease, the time required to bear fruit and tree size (which should be of a sufficiently compact nature to ensure easy harvesting). The rootstock is usually grown in a nursery to a stem diameter of approximately 0.5cm before the shoot which is taken from a mother plant is grafted onto the rootstock. The grafting process is also carried out in a nursery. Grafted rootstocks are then grown under a controlled environment in a greenhouse for 6 to 12 months (depending on the plantation plans) into saplings before they are ready to be planted in the plantations. It will normally take another three years before the trees start bearing fruit. The yield of oranges typically increases significantly between years four and ten. Thereafter, the trees continue to bear oranges for approximately a further 20 years reaching the age of 25 to 30, following which a gradual decline in yield is generally seen.

Harvesting

If oranges are harvested from trees mechanically, there is a greater risk that they and the trees will be bruised or damaged. Damaged fruit and trees are far more susceptible to attack by fungus and disease. To reduce the risk of damage to the Group's trees and oranges during the harvesting process, all of the Group's oranges are picked by hand. The amount of mature oranges picked per day depends on the level of demand and orders received from customers.

Due to the large pools of labour required to hand pick the oranges, the Group recruits part-time workers from local villages to hand pick the oranges. The part-time workers are supervised by the section heads and plantation staff of the Group. After the oranges are harvested, the section heads, together with the plantation supervisors and the heads of the part-time workers will supervise the weighing of the oranges by a weighing clerk at the plantation. After the weighing clerk determines the actual quantity of the oranges collected at the plantation, the plantation supervisors and the heads of the part-time workers will sign a Harvest Acknowledgement Form to acknowledge and confirm the weight of oranges (in kg) harvested. Copies of the Harvest Acknowledgement Forms are kept by the Marketing Department, Warehouse, Plantation Department, and Finance Department as a record of oranges harvested. When the oranges are delivered to the customers, the customers will sign a goods delivery note as acknowledgement of oranges received. These goods delivery notes will be submitted to the Marketing Department for preparing a customer sales record. At the end of each month, the warehouse clerk will summarise the goods delivery notes and send them to Accounting Supervisor for verification.

Grading

Oranges sold to supermarkets will usually be graded in the Group's warehouse according to their size and will have to meet a minimum of 6.5cm and 7.5cm for Winter Oranges and Summer Oranges, respectively, in diameter before they can be sold to supermarkets. The Group does not grade oranges sold to corporate customers and wholesalers unless specifically requested by them to do so and any such grading will be at the cost of the requesting customer.

Processing and packaging of oranges

Oranges sold to supermarket customers will be labelled with the Group's brand logo and when required by customers, the oranges will also be washed, dried and waxed, which helps to give the oranges a better appearance. Some of the oranges that are sold to supermarkets are packaged by the Group in corrugated paper boxes. The Directors believe that these packaging boxes help to reduce the risk of damage while the oranges are in transit and also provide supermarket customers with a convenient alternative of purchasing the Group's oranges. The packaging boxes are also labelled with the "Royal Star 新雅奇" brand and the logo .

Presently, the Group operates a single orange processing centre at the Hepu Plantation where approximately 20 to 25 tonnes of oranges can be processed and packaged every one hour. As the Group does not presently have an orange processing centre at the Xinfeng Plantation, oranges produced at the Xinfeng Plantation are not processed before they are sold to the Group's customers. The Group has plans to build an orange processing centre at the Xinfeng Development to facilitate the waxing of oranges harvested at the Xinfeng Plantation and to also provide waxing services to other farmers.

Quality control

The Group is committed to producing high quality oranges and emphasises on the implementation of quality control policy throughout the entire production process, from the usage of raw materials to the growing of saplings, to the plantation of orange trees in the open field and to the packaging of oranges. The Directors believe that good quality control can help to promote the Group's branding and competitiveness in the market. The Group has obtained the ISO9001:2000 Certification in 2004 and has renewed the same in 2006. On site inspections are carried out by the China Organic Food Certification Centre two to four times annually to ensure that the cultivation and production process of orange trees and oranges meet the relevant organic food standards set by the China Organic Food Certification Centre. The organic standards set by the China Organic Food Certification Centre are divided into four main categories; (i) production (this includes having fertilisers and pest control measures used and adopted by the Group that comply with certain organic specifications; pesticide residue and heavy metals level in water and soil not exceeding national safety standards, and there being adequate measures taken to prevent deterioration in soil fertility, among other things); (ii) processing (this requires the Group to use certain organic and natural materials in their packaging and adhere to certain hygiene standards in their storage and transportation of the oranges, among other things); (iii) labelling and marketing (this sets certain parameters on how the "organic" label can be used such as the size, colour and position of the label on the products and requires the Group to adopt measures to prevent mixing of their organic oranges with non-organic oranges as well as keeping records of sales, transportation and storage of oranges, among other things); and (iv) management system (this requires the Group to keep proper documentation and maps of its production sites, to have organic production manuals and records, and to also have an internal organic compliance officer, among other things). A summary of the quality control steps undertaken by the Group that have enabled the Group to maintain the accreditation of the ISO9001:2000 Certification and "organic products" certificates are set out below.

Seedlings and rootstocks

The Group implements strict quality control over the quality of the shoots of the mother plant and rootstocks which are grown inside greenhouses in order to ensure the quality of the saplings of the orange trees. The shoots used for grafting are obtained from mother plants that are kept in a strictly controlled greenhouse. This ensures that the mother plants are not infected with diseases or attacked by pests which would in turn contaminate the shoots and orange trees being grown from their shoots.

Raw materials

Before the Group decides to use the fertilisers and pesticides for the plantations, the Group's research and development team will carry out examination and testing of different brands of fertilisers and pesticides, in order to make sure they meet the organic food standards set by the China Organic Food Certification Centre and are suitable for growing orange trees. The research and development team will then inform the plantation teams of each plantation the appropriate brands of fertilisers and pesticides to be used. The same brands of fertilisers are usually used consistently, while the brands of pesticides used by the Group are changed regularly to avoid pesticide-resistance. The fertilisers and pesticides are sampled and tested after delivery by the suppliers and before usage in order to make sure they are suitable and not contaminated. The plantation staff will monitor the conditions of the orange trees regularly and decide on the amount of fertilisers and pesticides required.

Plantation control

The plantation team of each plantation is responsible for the daily management of the plantation. Zone supervisors of the plantation team conduct daily inspections on the orange trees in their assigned zone and will keep a record of significant changes or findings on a register which has details on the location, number of rows and orange trees of each zone. An updated daily report detailing growing conditions of the orange trees will be submitted to the Plantation Department for information and review and the Plantation Department will double-check if there is any irregularities and conduct a site-inspection if required. Quality control is centralised in the Hepu Plantation, the plantation team in each plantation is responsible for reporting any problems with the condition of the plantation to the plantation team and the research and development team at the Hepu Plantation to make sure any problems with the plantation are properly resolved.

Testing of oranges

Upon harvest, samples of oranges will also be tested internally before being sold to customers. Processed and waxed oranges will be packed in boxes directly at the processing centre at Hepu Plantation to ensure they are not contaminated. The research and development team performs quality control inspections on the Group's oranges by randomly selecting oranges from each zone for testing.

The research and development team is responsible for ensuring that the oranges are consistent in sugar content, juice level, size, physical appearance and pH acidity as well as ensuring an appropriate amount of fertilisers and pesticides are used in the plantation process to meet the safety standards for consumption set by the Group and the "Organic Products" standards. The Group has not encountered any incidents relating to oranges contaminated by any harmful pestilent during the Track Record Period.

Physical counts of orange trees

Since the year ended 30 June 2005, the Plantation Department has kept an asset record of trees with species, age, area occupied and number of trees while the Finance Department has maintained its own asset record of orange trees with number of trees and corresponding carrying value. The Finance Department personnel, accompanied by the Plantation Department personnel, perform physical asset counts on its trees every six months and checks its asset record against the asset record kept by the Plantation Department and the actual number of trees in the plantations. As trees are the most important assets of the Company, physical assets counts are performed on the entire plantations. For any discrepancy noted, the Finance Department personnel would investigate and report to the Financial Controller and Head of PRC Operations. Corresponding adjustments, if any, would be made to the asset records kept by the Plantation Department and the Finance Department as well as the accounting records upon approval by the Financial Controller and Head of PRC Operations. There was no significant change to the above physical asset counting and reconciliation procedures during the Track Record Period.

EMPLOYMENT

As at 30 September 2009, the Group employed 1,227 employees. A breakdown of the total number of employees by function as at the Latest Practicable Date is set out in the table under the paragraph "Human Resources" under the section headed "Directors, Senior Management and Staff" of this document.

Arrangement with part-time workers at the plantations

The Group has arrangements with local villagers at their plantation bases to arrange for part-time workers to harvest the oranges. During the orange harvesting season (March to May for Summer Oranges and October to December for Winter Oranges), the plantation supervisors notify the heads of the part-time workers to arrange for the recruitment of part-time workers from the local villagers.

The part-time workers are divided into different groups and are responsible for different zones of the plantation base. After each day's picking is completed, the weight of oranges picked are recorded on a harvest register by a weighing clerk and witnessed by the heads of the part-time workers, the section heads and the plantation supervisors. Payments to the part-time workers are later calculated according to the weight of oranges picked multiplied by a certain agreed unit price.

The part-time workers are also recruited for the application of fertilisers and pesticides at the Group's plantation bases.

SALES AND MARKETING

Customer

The Group sells its oranges mainly to supermarket chains, corporate customers and wholesalers in the PRC. The Group's supermarket customers, corporate customers and wholesaler customers will usually visit the Group's plantation sites to inspect the oranges before entering into master agreements for the sale and purchase of the Group's oranges. Two master agreements are usually entered into each year (one for Summer Oranges and one for Winter Oranges). These master agreements are binding and will include terms on the price and indicate the quantity of oranges to be purchased over the relevant period. Orders for oranges are thereafter placed by the Group's customers on a daily basis. Any breach of the master agreements will entitle the non-breaching party to claim for any loss sustained as a result of such breach against the breaching party.

- **Supermarket customers** include regional supermarket chains and account for an increasing proportion of the Group's sales. For the years ended 30 June 2007, 2008 and 2009, supermarket customers accounted for 31.1%, 36.3% and 36.7% of the Group's revenue from sales of oranges, respectively. Supermarket customers are usually granted a credit period of 30 to 45 days from the date of delivery of the oranges by the Group.

- **Corporate customers** comprise larger-scale wholesalers that distribute oranges to a variety of organisations including large retailers such as supermarkets, schools and universities. For the years ended 30 June 2007, 2008 and 2009, corporate customers accounted for 37.7%, 36.2% and 38.9% of the Group's revenue from the sales of oranges, respectively. Corporate customers usually settle payment at the time of collection of the oranges from the Group.

- **Wholesalers** are typically smaller-scale companies that distribute oranges to wholesale markets, usually selling to small retailers. For the years ended 30 June 2007, 2008 and 2009, wholesale customers accounted for 30.2%, 26.8% and 23.9% of the Group's revenue from sales of oranges, respectively. Wholesalers usually settle payment at the time of collection of the oranges from the Group.

The table below sets out the number of each type of customers of the Group during the Track Record Period.

	Year ended 30 June		
Type of customer	**2007**	**2008**	**2009**
Supermarket customers	4	7	9
Corporate customers	14	15	17
Wholesaler customers	17	12	12
Total	35	34	38

As at the Latest Practicable Date, the Group had 17 supermarket customers, 18 corporate customers and 17 wholesaler customers.

Sales to the Group's five largest customers in aggregate account for approximately 46.1%, 42.2% and 36.4%, respectively, of the Group's revenue from sales of oranges for the Track Record Period. Sales to the largest customer accounted for approximately 16.7%, 15.9% and 13.9%, respectively, of the Group's total revenue from sales of oranges for the Track Record Period. The Group maintains good relationships with its customers and no dispute was experienced. The Group has had long business relationships with its five largest customers, and the Directors believe the Group will be able to continue such business relationships with its five largest customers.

None of the Directors, their respective associates and existing Shareholders who own more than 5% of the issued share capital of the Company has any interest in any of the five largest customers of the Group during the Track Record Period. The five largest customers of the Group are all Independent Third Parties of the Group.

Delivery

Oranges are normally collected by the customers at the Group's warehouse upon harvest at each customers own cost, except for supermarket customers, where the Group will arrange delivery of the oranges. The Group does not have an in-house delivery team, however the delivery service is outsourced to Nanning Station Packaging and Railway Transportation, an Independent Third Party, with which a one-year rolling transportation contract was signed on 2 March 2009. Pursuant to the transportation contract, the Group will pay between RMB0.6 to RMB0.8 per tonne of oranges for each kilometre of the transportation journey. If oranges are to be delivered within cities, there is an additional charge of RMB40 per tonne of oranges delivered. Adjustment to the rates are subject to agreement between both parties. Nanning Station Packaging and Railway Transportation is responsible for any damage to oranges during the transportation and shall compensate the Group for loss suffered as a result of damage to the oranges. Although the Group bears the distribution costs in relation to sales to supermarkets, these costs are currently offset by the higher average selling prices achieved when supplying to this type of customer. The Group expects to continue to outsource the large-scale distribution of its produce for the foreseeable future.

For sales to corporate customers and wholesalers, the Group normally is not responsible for the transport of the oranges and the customers will pick up the oranges at the plantations.

Sales and Marketing Team

The Group's sales and marketing team currently comprises approximately 65 staff, principally based at the Hepu Plantation, divided into four teams, covering Eastern, Southern, Western and Central PRC. Each sales team comprises a manager, a team leader and salespersons divided into sub-teams targeting different types of customers. The sales and marketing teams, who receive commissions based on the level of sales, are responsible for developing business relationships with existing clients, including obtaining feedback in relation to the Group's oranges, and for establishing new relationships with potential clients. In addition, the sales and marketing team is responsible for providing market research information on the price of oranges and setting annual sales strategies and figures, and for reporting these to senior management. To enhance produce visibility and help build brand awareness, advertising and promotional programmes are employed in the period immediately prior to each harvest, including using advertisement signboards and pamphlets. The Group will also cooperate with supermarket customers and participate in their promotional programmes. The Group provides training to the salespersons regularly, especially before the sales of each harvest, in order to keep them informed of the market conditions.

The current sales strategy of the Group is to increase the proportion of sales to supermarket chains, as selling oranges to supermarkets generates significantly higher prices and higher profits per kilogramme as compared to other types of customers. In deciding which supermarkets to cooperate with, the Group will consider factors such as sales network, fruit sales proportion, sales volume, reputation, credibility and liquidity of the supermarkets. During the years ended 30 June 2007, 2008 and 2009, the revenue from sale to supermarket customers represented approximately 31.1%, 36.3% and 36.7% of the Group's revenue from sales of oranges, respectively.

The Directors believe that demand for high quality oranges tends to be concentrated in the larger and more affluent cities of the PRC. Accordingly, over the next three years, the Group intends to establish an extensive sales and marketing network in the PRC to capture a larger share of this market including Beijing, Shanghai, Shenzhen and Guangdong province.

Pricing Policy and Strategy

The Group adopts a policy of selling oranges at a single flat price for unprocessed oranges to all corporate customers and wholesalers, and another single flat price for processed oranges to all supermarket customers.

Each single flat price is determined through a tender process. The Group has engaged a tender firm, which is an Independent Third Party, to conduct the tender process. In order to avoid significant price difference between the tender price and the market price of the oranges at the time of harvest, the tender process is usually conducted near the time of each harvest between January to February for Summer Oranges and between September to October for Winter Oranges under two separate tender processes, one for unprocessed oranges for corporate customers and wholesalers and the other one for processed "Royal Star 新雅奇" oranges for supermarket customers. Customers will be invited to the tender processes, through which the respective single flat price for unprocessed and processed oranges will be determined. Oranges will then be sold according to these fixed single flat prices under the relevant master agreements.

PURCHASES AND SUPPLIES

The principal raw materials used by the Group are agricultural materials, mainly include fertilisers and pesticides, and packaging materials. The total costs of such raw materials account for a significant part of the Group's cost of sales. The total costs of raw materials accounted for approximately 76.0%, 69.3% and 69.8% of the Group's total cost of sales of oranges for the years ended 30 June 2007, 2008 and 2009, respectively. All purchases of raw materials by the Group are made in Renminbi and are mainly settled by telegraphic transfer through banks. The average credit period granted by the Group's suppliers is normally 30 days after delivery and no trade deposits are required by such suppliers before delivery.

Save for the master contract with Fujian Chaoda Group with a term of three years, the Group normally enters into one year or half year master contracts with suppliers of fertilisers, pesticides and packaging materials. The master contract lists out the products and estimated quantity required, price, terms of delivery and breach. Depending on the conditions and needs of the plantations, the Group will then place order with the suppliers indicating the specific quantity required. The products will then be transported to the plantations, which is normally the responsibility of the suppliers.

The Group's policy is not to store excessive fertilisers and pesticides at the plantations and will only order sufficient amount for near-future needs from suppliers. Since the fertilisers and pesticides are normally readily available from suppliers and the raw materials are usually delivered to the plantations within 1 to 3 days from the time of order which enables the Group to maintain a minimum volume of unused raw material which needs to be stored in the Group's warehouses. Please refer to the section headed "Quality control" above for details of quality control in place on raw materials.

The Group obtains its supply of fertilisers and pesticides from over ten different suppliers. This provides the Group with a degree of flexibility in the event one or two suppliers are unable to meet the Group's demand for fertilisers and/or pesticides as the Group will be able to purchase any shortfalls from the other suppliers.

The Group obtains its supply of packaging materials from a single supplier who is an Independent Third Party. This arrangement enables the Group to purchase the packaging materials at a lower price and with better payment terms. The Group maintains a good and professional relationship with this single supplier of packaging materials. As far as the Directors are aware, the Group is not the sole customer of such supplier of packaging materials.

To prevent any disruptions to the operations of the Group, the Directors have identified alternative suppliers of organic fertilisers and packaging materials who can readily supply the Group with the required organic fertilisers or packaging materials in the event that the Group's existing supplier is unable to supply the Group with the required raw materials in the future.

The Group has not encountered any disruption to its plantations as a result of shortages in supply of raw materials during the Track Record Period.

Suppliers

The five largest suppliers in aggregate account for approximately 78.5%, 76.3% and 82.1%, respectively of the Group's total purchases for the three years ended 30 June 2009. Purchases by the Group from its largest supplier accounted for approximately 26.8%, 20.9% and 24.8% of the Group's total purchases for the three years ended 30 June 2009, respectively. In general, the Group settles its trade debts within one month.

Purchases from Fujian Chaoda Group accounted for approximately 15.2%, 19.8% and 18.3% of the Group's total purchases for the three years ended 30 June 2009, respectively. The Fujian Chaoda Group will be Connected Persons following the Listing and the purchases of organic fertilisers by the Group from Fujian Chaoda Group will constitute continuing connected transaction for the Company under the Listing Rules following the Listing. Further details of these transactions are set out in the "Connected Transactions — Non-exempt Continuing Connected Transaction" section of this document.

Except for Fujian Chaoda Group, none of the Directors, their respective associates and existing Shareholders who own more than 5% of the issued share capital of the Company has any interest in any of the five largest suppliers of the Group during the Track Record Period. Save for the purchases of organic fertilisers from Fujian Chaoda Group, all of the raw materials used by the Group during the Track Record Period where purchased from Independent Third Parties of the Group.

The Group has not experienced any difficulties in obtaining supply of raw materials from its existing major suppliers during the Track Record Period.

INVENTORY

The inventories of the Group consist of raw materials, which mainly include fertilisers and pesticides and packaging materials. The inventory level of the Group is closely monitored by the members of its senior management who are responsible for supervising the cultivation and harvesting of oranges at each plantation.

The Plantation Department is responsible for monitoring the purchase and usage of raw materials. The supervisor of each zone is responsible for liaising with the warehouse manager and monitoring the requirements for his zone and will complete a specified form to order further raw materials when necessary. Raw materials are usually delivered within 1-3 days from the time an order is placed with the supplier and will be stored in the Group's warehouses.

Oranges at the plantation are usually delivered to customers once they are harvested or after they are processed and packaged which is normally between March to May for Summer Oranges and October to December for Winter Oranges, as such the Group does not have oranges in its inventory balance as at 30 June 2007, 2008 and 2009.

As described in the section headed "Purchases and Supplies" above, since most of the fertilisers and pesticides are normally readily available from the suppliers and the raw materials are usually delivered to the plantations within 1 to 3 days from the time of order, the Group is able to maintain a very low volume of unused raw material which needs to be stored in the Group's warehouse. The inventory balance as at 30 June 2007, 2008 and 2009 was approximately RMB1.6 million, RMB1.5 million and RMB0.6 million, respectively.

Physical stock counts of raw materials

The Group considers control over inventory level to be important and the Group has kept records at physical stock counts on its raw materials from time to time throughout the Track Record Period. The Warehouse Department keeps a stock record of raw materials with stock-in and stock-out movements while the Finance Department maintains its own stock list of raw materials based on the stock-in and stock-out slips. The Finance Department personnel, accompanied by the Warehouse Department personnel, performs physical stock counts on its raw material every month and checks its stock list against the stock record kept by the Warehouse Department and the actual amount of stock in the warehouse. As it is the Group's policy to keep minimal amount of raw materials in its warehouse, the stock count would be performed for all stocks in the warehouse. For any discrepancy noted, the Finance Department personnel would investigate and report to the Financial Controller and Head of PRC Operations. Corresponding adjustments, if any, would be made to the stock records, stock list kept by the Finance Department and accounting records upon approval by the Financial Controller and Head of PRC Operations. The Group implemented the above physical stock count and reconciliation procedures during the year ended 30 June 2005 and there was no significant change or improvements in such stock control procedures during the Track Record Period.

Since the raw materials used by the Group are widely available in the market, the Directors consider that there is no over-reliance on any individual supplier and no material risk of supply shortage. The Directors believe that the Group can replace one supplier with another with no undue difficulty. As the raw materials used by the Group are readily available in the market, the Group may opt to purchase from a wide range of suppliers.

RESEARCH AND DEVELOPMENT

The Directors believe that investment in research and development is crucial to the long-term development of the Group. Recommendations from the Group's research and development team assist the Group in continuing to develop and grow high quality oranges and to increase the yield of its orange trees.

The Group's research and development team is located at the Hepu Plantation. This team of 18 staff comprise of 3 key experts (namely, (i) Mr. Liu Geng Feng, one of the senior management personnel of the Company who graduated from the Hunan Agricultural University specialising in fruits and vegetables and had over 30 years of agriculture research experience in oranges before joining the Group; (ii) Mr. Shi Jian Quan, who graduated from the Guangxi Agricultural University and had over 30 years of agriculture research experience with an emphasis on oranges before joining the Group; and (iii) Mr. Luo Houmei, who graduated from the China Agricultural University (originally called Beijing Agricultural University) and was a lecturer at the Agricultural School of Guangxi University for around 8 years before joining the Group on a part-time basis) supported by 15 research technicians and together, they are responsible for conducting quality control checks on raw materials, seedlings, rootstocks and oranges and for further research and development projects, as well as the grafting and development of self-bred saplings for the Group's nursery business. Major research and development projects that the team has undertaken in the past include the development of improved species of oranges, development of techniques for cross-breeding of selected species, and application of organic plantation techniques. The research and development team also cooperates with the Group's sales and marketing team closely, and obtains information on the market demand and customers' preferences, and will consider these matters when develop new species of oranges.

The Group's research and development team has also collaborated with researchers from various government academic and research institutions in plantation research projects. These research collaborations include the following:

- On 9 May 2006, Litian (Xinfeng) entered into a research and development agreement with the Citrus Research Institute of the Chinese Academy of Agricultural Sciences (中國農業科學院柑桔研究所) to develop a viable organic farming and production method for the Group's orange plantations for a total consideration of RMB12 million. The Citrus Research Institute would be responsible for developing a model within the period of two years commencing 16 May 2006 to 15 May 2008 for monitoring and ensuring that the soil, fertilisers, cultivation of orange trees and pest management used in producing oranges met the organic food standards. During that period, training would also be provided by the Citrus Research Institute to the technical staff of Litian (Xinfeng). Litian (Xinfeng) would have ownership rights to all technology, research results and know-how collated during the research period. Details of the Citrus Research Institute are set out in the section headed "Industry Overview - Orange Plantations" of this document.

- On 6 September 2007, Lucky Team Agriculture entered into a laboratory co-operation agreement with the Research Institution of Chongqing University (重慶大學基因工程研究中心) for an unfixed term. The aim of the laboratory co-operation agreement is to develop control and prevention methods against various diseases and pests that attack oranges and orange trees. In particular, the first project would be to develop control and preventive measures against the Citrus Huanglongbing disease (黃龍病分子) within a period of three years with a total research budget of RMB17 million. Lucky Team Agriculture and Research Institution of Chongqing University would have joint ownership rights to all technology, research results and know-how collated during the research period. According to information from public sources available to the Company, the Research Institution of Chongqing University was established by Chongqing University in 2000. There are nine researchers, comprising six professors, one associate professor and two research assistants. The Research Institution of Chongqing University has established a complete and advanced experimental technology system and installed advanced research equipment for molecular biology, genetic engineering, botany, microbiology and biomedical science.

- On 3 September 2008, Lucky Team (Hepu) entered into a research and testing agreement with the National Laboratory of Soil Testing and Fertilizer Recommendation (中國農業科學院國家測土施肥中心實驗室) for a term of three years commencing from 27 September 2008 to 30 June 2011 and a total consideration of RMB19.6 million, to carry out testing on the soil conditions and fertilisers used at the Hepu Plantation in order to provide orange production estimates and recommendations on the amounts, type and timing for applying fertilisers at the Hepu Plantation. The National Laboratory of Soil Testing and Fertilizer Recommendation would also be responsible for providing training to technical staff of Lucky Team (Hepu). Lucky Team (Hepu) would have ownership rights to all technology, research results and know-how collated during the research period. According to information from public sources available to the Company, the National Laboratory of Soil Testing and Fertilizer Recommendation was established in 1989 and focuses on soil nutrient testing methods, testing equipment and fertiliser recommendation. The National Laboratory of Soil Testing and Fertilizer Recommendation has a capacity of 6,000 soil sample analysis per annum and is ranked at the international leading level for its automatic data collection system and fertiliser recommendation system. It has also established a comprehensive soil nutrient database system which is able to make fertiliser recommendation for 150 species of plant.

The research and development expenses incurred by the Group for the years ended 30 June 2007, 2008 and 2009 were RMB5.2 million, RMB4.6 million and RMB6.2 million respectively.

INTELLECTUAL PROPERTY

The Group registered the 新雅奇 and trademarks in the PRC in 2002 and 2003, respectively. In July 2004, the Group registered the , and trademarks in Hong Kong. The Group has since started selling oranges with labelled trademarks to supermarkets in 2005 and they have accounted for an increasing proportion of the Group's sales.

Details of the Group's intellectual property rights are set out under the sub-section headed "Intellectual property rights" in Appendix IV.

COMPETITION

The Directors believe that competitiveness in the orange industry is based on, among other things, produce quality, pricing, and timeliness and reliability of delivery and that the Group competes favourably on these factors.

The Group faces competition from both domestic and overseas competitors. The domestic market is highly fragmented, and among domestic competitors, the Directors believe that the Group's substantial size, coupled with its focus on high quality produce, competitive pricing and reliability, will help to preserve its strong market position and enable it to continue to build relationships with supermarkets. According to a ranking certificate dated 18 September 2009 issued by the Citrus Research Institute which is directly subordinated to the Chinese Academy of Agricultural Sciences, Ministry of Agriculture, the total land area under cultivation for the production of orange by the Group compared to its four closest domestic competitors is as follows:

Company	**Location of plantation(s)**	**Estimated total size of plantation(s)**
Asian Citrus Holdings Limited	Guangxi Autonomous Region Hepu county and Jiangxi, Xinfeng county	102,000 mu
Company A	Chongqing, Zhongxian county	30,000 mu
Company B	Jiangxi, Ganzhou city, Yudu county, Huichang county, Zhonggong district	30,000 mu
Company C	Chongqing, Zhongxian county	20,000 mu
Company D	Chongqing, Jiangjin district	20,000 mu

Based on the above information provided by the Citrus Research Institute, the Group is several times larger than its next closest domestic competitor in terms of land area under cultivation.

Save for Company C, the Directors believe, based on their experience in the PRC orange market that the companies listed in the table above are not in direct competition with the business of the Group for the following reasons:

1. these companies have arrangements to purchase oranges grown by individual farmers who are the legal owners of the orange plantations;

2. the orange plantations owned by these companies have not started producing oranges and therefore most, if not all of the oranges sold by these companies are purchased from farmers and are not produced from the companies' own orange plantations; and

3. these companies do not sell their oranges to supermarkets.

The Directors believe that Company C owns orange plantations and are producing oranges for commercial sale to supermarkets in the PRC. However, according to the 2008 annual report of Company C, the revenue derived from the sale of agricultural produce (which includes the sale of oranges) amounted to approximately RMB19.8 million for its financial year ended 2008 and is relatively small in comparison with the Group's revenue of approximately RMB530.0 million from the sales of oranges for the year ended 30 June 2008 and approximately RMB634.9 million for the year ended 30 June 2009.

The Directors believe that this scale provides the Group with numerous competitive advantages, including the resources to ensure high quality produce and a better ability to provide a secure and reliable supply of oranges to meet the demands of its growing number of large customers.

As to the overseas competitors, the Directors believe that the low operating cost structure in the PRC as well as the support provided by the PRC Government provides the Group with an advantage to compete with overseas competitors. In particular, as stated in the "Industry Overview" section of this document, according to the USDA, only 1.2% of the PRC's orange consumption in 2007 were imported oranges.

INSURANCE

The Group's insurance policies primarily cover directors' and officers' insurance and plantation insurance with policy specifications and insured limits in line with the normal commercial practice in PRC.

For each of the three years ended 30 June 2007, 30 June 2008 and 30 June 2009, the Group paid an aggregate of approximately RMB0.8 million, RMB0.4 million and RMB0.5 million, respectively, for insurance premiums. As at the Latest Practicable Date, the Group is insured, under the directors' and officers' insurance policy insurance in an amount of approximately US$5 million and is insured under the plantation insurance policies in an amount of approximately RMB1,122 million.

ENVIRONMENTAL PROTECTION

Under the Regulation of Guangxi Zhuang Autonomous Region on Agricultural Environmental Protection, the Group should take effective measures to prevent pollution caused by its agricultural production, including but not limited to reasonable use of agricultural pesticides and restricted use of agricultural land to dump or store solid wastes.

The Directors confirm that the major specific environmental protection measures taken by the Group include but are not limited to the following:

- implementing a quality control procedure that provides specific guidance and regulation on the use and storage of agricultural pesticides and recovery of waste;

- strictly controlling the use of chemical pesticide and chemical fertiliser, increasing the use of organic fertiliser, biopesticide and pesticides made of minerals and plants;

- assigning professional technicals to monitor the storage, provision and use of pesticides and fertilisers;

- planting forest belt and leguminous green manure to prevent the erosion and hardening of soil; and

- recovering wastes such as empty containers, discarded pesticides to prevent pollution to the environment.

The person in charge of formulating and implementing the aforesaid measures is Mr. Luo Houmei. Mr. Luo has a master's degree in agricultural environmental protection from China Agricultural University (originally called Beijing Agricultural University). Having been teaching at the Agricultural School of Guangxi University since 1992, he specialises in agricultural environmental protection and environmental evaluation. Since 2001, Mr. Luo has been working in the Group as a part-time scientific expert and been in charge of the agricultural environmental protection work of the Group.

The Directors confirm that, so far as they are aware, the Group has not breached any environmental laws and regulations, and the Group's production facilities comply with the environmental protection laws, regulations and standards applicable in the PRC. The Group's PRC legal advisers have also advised that the Group has received confirmation from the relevant PRC authorities that the Group is not in breach of any PRC environmental protection laws.

LEGAL PROCEEDINGS

As at the Latest Practicable Date, the Group was not subject to any legal proceedings or claims which are material to the business of the Group.

PROPERTIES

Hong Kong lease

The Group leases its head office in Hong Kong which is located at Rooms 1107, 1109-1112, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, Hong Kong.

PRC property interests

As of 30 June 2009, besides its rights to use the land of the Hepu Plantation, the Xinfeng Plantation and the Hunan Plantation, the Group owned a total of 5 properties and leased a total of 10 properties in the PRC. All of these properties are for office, staff accommodation use and future development.

The Xinfeng Development

The Group is developing an agricultural wholesalers' market and an orange processing centre called "South Orange Market" (南橙集) in the Xinfeng County Zhongduan Industrial Park near the Xinfeng Plantation. The purpose of the Xinfeng Development is to gather fruits suppliers, in particular for citrus fruits, to the wholesalers' market and the market can then act as a forum for the Group to collect and exchange market information.

Phase 1 of the Xinfeng Development was completed during the year ended 30 June 2008. As at the Latest Practicable Date, 235 retail units out of the 238 retail units available for sale (representing 98.7% of the total retail units available for sale) have been sold for a total consideration of RMB90.9 million. The Directors have decided to postpone the development of the second phase and third phase of the Xinfeng Development due to the recent volatility of the real estate sector in the PRC and will continue to monitor and assess the real estate sector in the PRC before commencing the second phase and third phase of the Xinfeng Development. According to the Investment Contract whereby the Xinfeng Industrial Park Management Committee granted the land use right of the two parcels of land the Group intended for the Xinfeng Development, the development of the second and third phase of the Xinfeng Development must be completed by the end of February 2007. The Group has however received approval from the Xinfeng Land Bureau on 29 September 2009 to extend the development time in relation to the second and third phases of the Xinfeng Development to 31 December 2013.

The Group has also received confirmation from the Xinfeng Land Bureau on 24 September 2009 stating that the second and third phases of the Xinfeng Development do not constitute idle land and no idle land charges are payable in respect of the second and third phases of the Xinfeng Development.

As mentioned above, the Xinfeng Development is intended to support the orange plantation business by developing a centralised agricultural wholesalers' market and orange processing centre where the Group and other orange producers in Xinfeng can sell and process their oranges, thereby providing the Group with a forum to collect and exchange market information on oranges. The Group's strategy remains focused on the cultivation, production and sale of oranges and the development of the Xinfeng Development is ancillary to the main business of the Group. The Directors do not intend to make the development of property a substantial component of the Group's business.

The revenue from the Xinfeng Development for the three years ended 30 June 2009 was approximately nil, RMB6.8 million and RMB31.3 million, respectively, which amounted to approximately 0%, 1.3% and 4.7% of the total revenue of the Group for the same period, respectively.

The Group's PRC legal advisers have confirmed that the Group has obtained all necessary certificates and licenses for the sale of the retail units at the Xinfeng Development. The Group has obtained the land use rights in relation to the first, second and third phases of the Xinfeng Development.

For details of the Group's property interests together with valuations, please refer to "Appendix II — Property Valuation" of this document.

DIRECTORS

The Board consists of 11 Directors, five of whom are executive Directors, two of whom are non-executive Directors and four of whom are independent non-executive Directors. The details of such Directors are set out below.

EXECUTIVE DIRECTORS

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

Mr. Tong Wang Chow, age 71, is the founder of the Group in 2000. Mr. Tong was appointed as an executive Director on 18 November 2003. He is responsible for the overall strategic planning and direction of the Group. Mr. Tong has over 20 years of business development experience in the PRC, principally in the brewing and transportation industries, and has approximately 10 years of experience in the plantation and food industry. He is a member of the Chinese People's Political Consultative Conference Guangdong Province Shantou Municipal Committee (the 11th session), the Permanent Honorary Chairman of the Hong Kong Shantou Merchants Association, a general committee member of the Chinese Manufacturers Association of Hong Kong and the Honorary Consultant of the Cheung Chau Chiu Chow Association Co., Ltd. He is a Honorary President of the Association for the Promotion of Hong Kong Heilongjiang Economy and the Honorary Chairman of the Ganzhou Navel Orange Association. He was the Honorary Consul of Mongolia in the Hong Kong Special Administrative Region from 2006 to June 2008. Mr. Tong is the father of Mr. Tong Hung Wai, Tommy.

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

Mr. Tong Hung Wai, Tommy, age 40, is the co-founder of the Group. Mr. Tong was appointed as an executive Director on 18 November 2003. He is responsible for the sales and marketing of the Group and has approximately 8 years of experience in marketing and business management with the Group. Mr. Tong obtained a bachelor of business degree in international business in 1996 from Queensland University of Technology, Australia. He is the son of Mr. Tong Wang Chow.

Mr. CHEUNG Wai Sun, Executive Director

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

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

Mr. Pang Yi, age 40, joined the Group in 2000 as the Deputy General Manager of the Hepu Plantation and was appointed as an executive Director on 16 June 2005. He is responsible for the Group's overall operation and management in the PRC. He obtained a bachelor's degree in plantation economic management from the Northwest Sci-Tech University of Agriculture and Forestry in 1995. Mr. Pang had been appointed by Guangxi Foreign Trade and Economic Cooperation Department as investment service supervisor of Guangxi Zhuang Autonomous Region from 2002 to 2005. He was also a member of the Chinese People's Political Consultative Conference Hepu County Committee.

Mr. SUNG Chi Keung, Finance Director and Company Secretary

Mr. Sung Chi Keung, age 34, joined the Company in 2004 as the financial controller of the Group and was appointed as an executive Director on 15 January 2007. Mr. Sung was appointed as the Company Secretary of the Company on 7 August 2004. Mr. Sung holds a bachelor's degree in business administration, majoring in professional accountancy, from The Chinese University of Hong Kong and a master's degree in corporate finance from The Hong Kong Polytechnic University. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Sung has over ten years of experience in financial management, accounting, taxation, auditing and corporate finance and previously worked for KPMG, PricewaterhouseCoopers Ltd. and Deloitte & Touche Corporate Finance Ltd., before joining the Group in August 2004.

NON-EXECUTIVE DIRECTORS

Mr. IP Chi Ming, Vice Chairman

Mr. Ip Chi Ming, age 48, joined the Group in August 2001 and was appointed as a non-executive Director on 18 November 2003. Mr. Ip is also an executive director of Chaoda and the general manager of Chaoda Vegetable. Mr. Ip was introduced to the Company due to his position in Chaoda. Mr. Ip has around 12 years of experience in trading and marketing at Chaoda as well as extensive experience in corporate strategic planning, overall management, business development and sales and marketing.

Hon Peregrine MONCREIFFE

Mr. Hon Peregrine Moncreiffe, age 58, was appointed to the Board on 1 February 2006 by Metage Funds Limited and Metage Special Emerging Markets Fund Limited, acting jointly, pursuant to the terms of the convertible bonds issued by the Company on 14 July 2005. Mr. Moncreiffe owns less than 2% interests in each of Metage Funds Limited and Metage Special Emerging Markets Fund Limited. Mr. Moncreiffe is also on the board of Metage Funds Limited and Metage Special Emerging Markets Fund Limited. As at the Latest Practicable Date, Metage Funds Limited and Metage Special Emerging Markets Fund Limited are Shareholders. After graduating from Oxford University, Mr. Moncreiffe spent much of his career in investment management and banking in London, New York and East Asia. Mr. Moncreiffe has worked for Credit Suisse First Boston Group, and was a managing director of Lehman Brothers in New York before helping to found Buchanan Partners, a London based investment company of which he was chief executive.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Mr. Ma Chiu Cheung, Andrew, age 67, joined the Board on 7 August 2004. Mr. Ma is a founder and former director of Andrew Ma DFK (CPA) Limited. He is presently a director of Mayee Management Limited. He has more than 30 years of experience in accounting and finance. He obtained a bachelor's degree in economics from the London School of Economics and Political Science, University of London in England in 1966. Mr. Ma is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, and The Taxation Institute of Hong Kong. Mr. Ma obtained a Gold Certificate of Merit in CPD issued by the Hong Kong Institute of Directors in 2005. Mr. Ma has the professional qualifications and accounting expertise as required under Rule 3.10(2) of the Listing Rules.

Details of Mr. Ma's directorships in all other listed public companies in the last three years are as follows:

Name of company	Position held	Date of appointment
Asia Financial Holdings Limited (stock code 662)	independent non-executive director	3 September 2004
Peaktop International Holdings Limited (Name changed to Beijing Properties (Holdings) Ltd as from 21 September 2009) (stock code 925)	independent non-executive director	23 September 2004
Tanrich Financial Holdings Limited (stock code 812)	independent non-executive director	18 October 2001 to 30 September 2004, reappointed on 14 April 2005
C.P. Pokphand Co., Ltd. (stock code 43)	independent non-executive director	30 September 2005
China Resources Power Holdings Company Limited (stock code 836)	independent non-executive director	13 December 2006
Chong Hing Bank Limited (stock code 1111)	independent non-executive director	9 August 2007

As at the Latest Practicable Date, Mr. Ma continues to hold the above directorships.

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

Mr. Nicholas Smith, age 58, joined the Board on 1 July 2005. Mr. Smith has over 20 years experience in investment banking, having worked in Europe and Asia for Flemings, Jardine Fleming and HSBC. His roles have included Co-Head of Investment Banking and Chief Financial Officer of the Jardine Fleming Group. Mr. Smith is a Chartered Accountant and previously worked for KPMG and Ernst & Young. He currently serves as a non-executive director of PLUS Markets Group plc, and Sorbic International Ltd which are traded on AIM of the London Stock Exchange and Japan Opportunities Fund II Ltd listed on the Channel Islands Stock Exchange. He is also Chairman of privately held Ophir Energy plc.. Mr. Smith obtained a degree of bachelor of arts from the Open University of the United Kingdom (a distance learning university founded and funded by the UK government) on 31 December 2007.

Mr. YANG Zhenhan, a member of the Audit Committee

Mr. Yang Zhenhan, age 77, joined the Board on 2 June 2004. Mr. Yang obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. Mr. Yang is a machine-building specialist with over 30 years of experience. Mr. Yang was a director of the Foreign Economic Relations and Trade Commission of Shanghai Municipality, responsible for the international trade and foreign investment affairs of Shanghai city from 1983 to 1985. Mr. Yang had been a member of Guangzhou Chinese People's Political Consultative Conference from 2002 to 2007.

Dr. LUI Ming Wah, SBS JP

Dr. Lui Ming Wah, SBS JP, age 71, joined the Board on 2 June 2004. Dr. Lui is an industrialist serving as the honorary chairman of the Hong Kong Electronic Industries Association and the president of Hong Kong Shandong Chamber of Commerce. He is a member of the Chinese People's Political Consultative Conference. Dr. Lui was elected to the Legislative Council of Hong Kong in May 1998 for a term of two years. In the 2000 and 2004 Legislative Council elections, he was elected again for a term of four years. He sits on the council of the Hong Kong Polytechnic University, is the observer of the Hong Kong Independent Police Complaints Council and is an Adviser Professor of Shandong University. Dr. Lui obtained his master of science and doctor of philosophy degrees from the University of New South Wales in Australia and the University of Saskatchewan in Canada, respectively. He is currently the Managing Director of Keystone Electronics Co. Limited. Dr. Lui is currently an independent non-executive director of a few other companies which are listed on the Main Board and GEM Board of the Stock Exchange, including AV Concept Holdings Limited (stock code 595), Gold Peak Industries (Holdings) Limited (stock code 40), S.A.S. Dragon Holdings Limited (stock code 1184), Glory Mark Hi-tech (Holdings) Limited (stock code 8159) and L.K. Technology Holdings Limited (stock code 558).

SENIOR MANAGEMENT

Mr. LIU Geng Feng, age 68, is the head of the Group's research and development team. Mr. Liu joined the Group in January 2000. Before joining the Group, he supervised the PhD programme at the Hunan Agriculture Research Institute for 36 years.

Madam ZHAO Li Na, age 50, is the financial controller of the Hepu Plantation. Madam Zhao joined the Group in January 2003 and has over 20 years of experience in the financial management and accounting field in the PRC.

Mr. XIAN Jia Xu, age 45, is the manager of the plantation department of the Hepu Plantation. Mr. Xian joined the Group in January 2000. Mr. Xian obtained his bachelor's degree in agriculture from the University of Guangxi in 1986 and has worked for Tropicana China Beihai Food Company Limited. He has over 15 years of experience in agricultural and cultivation management.

Mr. ZHONG Kun He, age 45, joined the Group in March 2000 and is the executive controller of the Xinfeng Plantation. Mr. Zhong graduated from the Zhanjiang Agriculture Professional School specialising in fruits tree management. Mr. Zhong previously worked for Tropicana China Beihai Food Company Limited which was the original owner of the Hepu Plantation, and has over 20 years of experience in agricultural and cultivation management.

Mr. Wu Feng, age 40, joined the Group in August 2007 and is the deputy general manager of the Hunan Plantation. Mr. Wu graduated from Zhanjiang Agriculture Professional School specialising in fruits tree management. Prior to joining the Group, he has worked in various agricultural companies in the PRC responsible for plantation management. He has over 10 years of experience in agricultural and cultivation management.

Dr. WANG Shaoke, age 56, joined the Group in April 2006 and is the chief scientist of the Group. He obtained the degree of Doctor of Philosophy (Agronomy) at Colorado State University in the United States in 1987. Dr. Wang is a Faculty Affiliate of the Department of Soil and Crop Sciences at Colorado State University in the United States. He was a Chief Scientist and Acting Director of China Agricultural Development (Hong Kong) Ltd from 1997 to 2006, which has developed a large-scale new citrus farm of grapefruits, limes, oranges and many new healthy crops in Southern China. Dr. Wang has been active in the international scientific activities. He was appointed by the International Barley Genetic Committee as an International Coordinator for the barley Chromosome 2 and served in that position from 1990 to 1992. He has also authored numerous papers in the scientific journals published in the United States, Germany, Canada, Japan, Italy and the PRC. He is an Honorary Professor of the Inner-Mongolian Academy of Agricultural Sciences and the Xinjiang Academy of Agricultural Sciences in the PRC. He has been invited to the PRC to lecture and give scientific advices during the past 15 years.

COMPANY SECRETARY

Mr. Sung Chi Keung, aged 34, is the Company Secretary of the Company. He was appointed as the Company Secretary of the Company on 7 August 2004. For details regarding Mr. Sung's background and past experience, please refer to the section headed "Executive Directors" above.

RELATIONSHIP BETWEEN DIRECTORS

Save as disclosed above, none of the Directors and/or members of the senior management are related.

DIRECTORS' AND OFFICERS' INSURANCE

The Company maintains insurance coverage for all Directors and officers of the Group companies against liabilities which they may incur while serving in those capacities.

CORPORATE GOVERNANCE

Combined Code

The Directors recognise the value of the principles of good governance and the Combined Code. The Company seeks to comply with the Combined Code so far as is practicable and appropriate for a public company of its size and nature quoted on AIM.

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

Remuneration Committee

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

Audit Committee

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

Code for Directors' dealings

The Company has adopted a code for Directors' dealings for a company whose shares are admitted to trading on AIM and approved for listing on the Main Board of the HKSE and takes all reasonable steps to ensure compliance by the Directors and any relevant employees.

DIRECTORS' REMUNERATION

For each of the years during the Track Record Period, the total remuneration paid to Directors was approximately RMB8.5 million, RMB8.1 million and RMB8.5 million, respectively. For the year ending 30 June 2010, it is estimated that the directors' fees, salaries and bonus, and share based payments to be made to the Directors are approximately RMB1.9 million, RMB4.7 million and RMB1.7 million, respectively.

The following table provides details of the various components of total remuneration paid to the Directors:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Fees	2,198	2,054	1,874
Other emoluments:			
Salaries, allowances and benefits in kind	3,759	4,127	4,623
Discretionary bonuses	—	—	—
Retirement scheme contributions	30	33	33
Share based payments	2,514	1,844	1,978
	8,501	8,058	8,508

There were no amounts paid to or receivable by the Directors as an inducement to join or upon joining the Group or for the loss of office as a Director and there were no arrangements under which a Director has waived or agreed to waive any emoluments.

The aggregate amount of remuneration paid by the Company to the five highest paid individuals for each of the years during the Track Record Period was approximately RMB7.7 million, RMB6.5 million and RMB7.1 million, respectively. Four of the five highest paid individuals were Directors.

The following table provides details of the various components of total remuneration paid to the five highest paid individuals:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,552	4,487	4,951
Discretionary bonuses	—	—	—
Retirement scheme contributions	36	32	32
Share based payments	3,088	1,960	2,076
	7,676	6,479	7,059

There were no amounts paid to or receivable by the five highest paid individuals as an inducement to join or upon joining the Company or for the loss of office in connection with the management of the affairs of the Group.

REMUNERATION

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

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

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

HUMAN RESOURCES

In addition to the Directors, there were a total of 1,063 employees of the Group as at 30 June 2009, and a total of 1,227 employees as at 30 September 2009. There are six offices, one in Hong Kong and five in the PRC.

The Group aims to attract, retain and motivate high calibre individuals with a competitive remuneration package. Remuneration packages are performance-linked, business performance, market practices and competitive market conditions are taken into consideration. The Group review the employees' remuneration packages on an annual basis.

The Group places heavy emphasis on staff training and development so that employees can reach their maximum potential.

The following table sets for the number of the Group's employees by their functions as at 30 September 2009:

Divisions/Departments	Number of employees	(% of Total)
Management	35	2.9
Accounts and Finance	26	2.1
Sales and Marketing	73	6.0
Plantation	1,038	84.6
Administration	30	2.4
Research and Development	21	1.7
Human resources	4	0.3
Total	1,227	100

SHARE OPTION SCHEME

Employees of the Group and Directors are eligible to participate in the Share Option Scheme. After Listing, they will be eligible to participate in the Post Listing Share Option Scheme. Please refer to the section headed "D. Other Information — 1. Share Option Scheme" in Appendix IV to this document for further details of the Share Option Scheme and the Post Listing Share Option Scheme.

PARTICULARS OF DIRECTORS' SERVICE AGREEMENTS

Details of service agreements entered into between the Group and each of the Directors are summarised in the section headed "Particulars of Directors' service agreements" in Appendix IV to this document. None of the Directors have any other contracts with the Group except those disclosed in Appendix IV.

COMPETING INTERESTS

Each of the Directors has confirmed that he is not interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors and the chief executive of the Company are aware, the following persons, other than a Director or chief executive of the Company and without taking into account any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and any options which may be granted under the Post Listing Share Option Scheme, had, as at the Latest Practicable Date, an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Interest in the Shares and underlying Shares of the Company

Name	Number of shares held	Nature of interest	Approximate percentage of issued shares as at the Latest Practicable Date
			(%)
Market Ahead *(Note 1)*	267,005,710	Beneficial owner	34.65
Tong Lee Fung Kiu *(Note 1)*	267,005,710	Interest of spouse	34.65
Huge Market *(Note 2)*	218,004,570	Beneficial owner	28.29
Chaoda *(Note 2)*	218,004,570	Interest of controlled corporation	28.29

Note:

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

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

Mr. Tong Wang Chow is deemed to be interested in 267,005,710 Shares held by Market Ahead by virtue of the SFO.

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

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

(2) The entire issued share capital of Huge Market is held by Chaoda. Chaoda is deemed to be interested in 218,004,570 Shares held by Huge Market by virtue of the SFO.

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

Except as disclosed in this document and without taking into account any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and any options which may be granted under the Post Listing Share Option Scheme, the Directors and chief executive of the Company are not aware of any person, who is not a Director or chief executive of the Company, who had, as at the Latest Practicable Date, an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Undertakings

Subject to the waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules granted by the Stock Exchange, pursuant to Rule 10.07(1) of the Listing Rules, each of Market Ahead and the Tong Family Shareholders, together being Controlling Shareholders, has undertaken to the Company and the Stock Exchange that it/he/she will not and will procure that the relevant registered holder(s) will not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules:

(1) in the period commencing on the date by reference to which disclosure of its/his/her shareholding is made in this document and ending on the date which is six months from the date on which dealings in Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of the Company in respect of which it/he/she is shown by this document to be the beneficial owner; and

(2) in the period of six months commencing on the date on which the period referred to in paragraph (1) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (1) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would together then cease to be the controlling shareholders of the Company for the purposes of the Listing Rules.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of Market Ahead and the Tong Family Shareholders, together being Controlling Shareholders, has undertaken to the Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its/his/her shareholding is made in this document and ending on the date which is 12 months from the date on which dealings in securities of the Company commence on the Stock Exchange, it/he/she will:

(1) when it/he/she pledges or charges any securities or interests in the securities of the Company beneficially owned by it/him/her, whether directly or indirectly, in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge or charge together with the number of securities or interests in the securities of the Company so pledged or charged; and

(2) when it/he/she receives indications, either verbal or written, from the pledgee or chargee that any of the securities or interests in the securities of the Company pledged or charged will be sold, transferred or disposed of, immediately inform the Company in writing of such indications.

Placing Agreement

On 20 October 2009, Huge Market as the vendor and CLSA Limited as the placing agent, placed 3,853,032 Shares to Independent Third Parties. As part of this placement, Huge Market had undertaken to CLSA Limited that it would not, without the prior written consent of CLSA Limited, dispose of its remaining shareholding in the Company or any direct or indirect interest therein during the first 6 months from the date of completion of the placement.

Immediately prior to the placement, Huge Market held approximately 33.29% of the issued Shares. After completion of the placement, Huge Market held approximately 28.29% of the issued Shares.

SHARE CAPITAL

Details of the Company's share capital are as follows:

	Number of Shares	HK$
Authorised share capital as at the Latest Practicable Date	2,000,000,000	20,000,000
Issued Shares as at the Latest Practicable Date	770,559,800	7,705,598

All of the issued Shares in the Company are fully paid ordinary shares. The Shares rank *pari passu* among themselves in all respects, and in particular, for all dividends and other distributions, declared, paid or made on the Shares. The Company will not purchase any Shares from the date of this document up to the Listing Date.

On 12 December 2008, an unconditional general mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with the Shares. Please refer to the section headed "Appendix IV — Statutory and General Information — A. Further Information about the Company — 2. Changes in the share capital of the Company" in this document for further details about the unconditional general mandate. In the event that the Directors determine to exercise such general mandate after Listing, the Directors will not exercise such mandate to exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at 12 December 2008 so that the maximum number of Shares which may be issued are 74,356,950 Shares (then 7,435,695 shares of HK$0.10 each in the capital of the Company). As at the Latest Practicable Date, such general mandate has not been utilised.

On the same day, an unconditional general mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase Shares of not more than 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue on 12 December 2008. Please refer to the section headed "Appendix IV — Statutory and General Information — A. Further Information about the Company — 5. Repurchase of its own securities by the Company" in this document for further details about the unconditional general mandate.

On 29 June 2005, the Company adopted the Share Option Scheme. On 2 November 2009, the Post Listing Share Option Scheme was conditionally adopted by a resolution of the Shareholders. Please refer to the section headed "Appendix IV — Statutory and General Information — D. Other Information — 1. Share Option Scheme" in this document for further details of the Share Option Scheme and the Post Listing Share Option Scheme.

Save as disclosed in this document, no share or loan capital of the Company or any of its subsidiaries is under any option or is agreed conditionally or unconditionally to be put under any option.

The following table sets forth for the periods indicated the reported high, low, month end, and monthly average of the closing trading prices on AIM and PLUS Market for the Shares from November 2008 until the Latest Practicable Date. Historical Share prices may not be indicative of the prices at which the Shares will trade following completion of the Listing. Please refer to the section headed "Risk Factors — Risks Relating to the Hong Kong Listing of the Group — The characteristics of London Markets and the Hong Kong share market are different" in this document.

AIM

	High	**Low**	**Month End**	**Monthly Average**
	(£)	*(£)*	*(£)*	*(£)*
2008				
November	2,1250	1.3750	1.7000	1.6795
December	1.7000	1.1250	1.5400	1.4898
2009				
January	1.6750	1.5300	1.6250	1.5988
February	1.7250	1.4500	1.5500	1.6063
March	1.6000	1.4000	1.4650	1.5030
April	1.6500	1.3500	1.5700	1.4778
May	2.4250	1.7000	2.2750	2.2261
June	2.7000	2.0750	2.0750	2.4318
July	2.2250	1.7500	2.1750	2.0783
August	2.9000	2.1750	2.7500	2.5463
September	3.4250	2.4700	3.2000	2.9868
October	4.3750	3.1750	3.7250	3.7775
November (up to the Latest Practicable Date) *(Note)*	0.4800	0.2085	0.4600	0.4117

Note: Pursuant to a resolution passed by the Shareholders on 2 November 2009, the Company's issued and unissued shares of HK$0.10 each were subdivided into ten shares of HK$0.01 so that the authorised and issued share capital of the Company would be HK$20,000,000 divided into 2,000,000,000 shares and HK$7,705,598 divided into 770,559,800 shares of HK$0.01 each. For the purpose of computing the high, low, month end and monthly average of the closing trading prices on AIM and PLUS Market for the Share for the period of November 2009 and up to the Latest Practicable Date, the trading prices of the Shares prior to the subdivision of shares are divided by ten for illustrative purpose.

PLUS Market

	High	Low	Month End	Monthly Average
	(£)	*(£)*	*(£)*	*(£)*
2008				
November	2.1250	1.3750	1.6750	1.6725
December	1.6750	1.0500	1.5500	1.4714
2009				
January	1.6700	1.5300	1.6000	1.5948
February	1.7000	1.4000	1.5500	1.6025
March	1.5900	1.3500	1.4000	1.4473
April	1.6500	1.2700	1.5700	1.4785
May	2.4500	1.7000	2.2500	2.2158
June	2.7313	2.0500	2.0500	2.4205
July	2.2000	1.7500	2.2000	2.0826
August	2.8500	2.1800	2.7500	2.5444
September	3.4500	2.4700	3.2000	2.9795
October	4.4500	3.2500	3.7500	3.7755
November (up to the Latest Practicable Date) *(Note)*	0.4850	0.2085	0.4450	0.4090

Note: Pursuant to a resolution passed by the Shareholders on 2 November 2009, the Company's issued and unissued shares of HK$0.10 each were subdivided into ten shares of HK$0.01 so that the authorised and issued share capital of the Company would be HK$20,000,000 divided into 2,000,000,000 shares and HK$7,705,598 divided into 770,559,800 shares of HK$0.01 each. For the purpose of computing the high, low, month end and monthly average of the closing trading prices on AIM and PLUS Market for the Share for the period of November 2009 and up to the Latest Practicable Date, the trading prices of the Shares prior to the subdivision of Shares are divided by ten for illustrative purpose.

The following table sets forth the average daily trading volume and turnover on AIM and PLUS Market of each month of the Shares. The Shares commenced trading on AIM in 3 August 2005 and on PLUS Market in 23 May 2008.

	Average Daily Volume	Average Daily Turnover
	(Shares)	*(£)*
2005		
August	123,613	125,500
September	18,160	20,098
October	218,220	251,382
November	158,326	190,615
December	134,360	188,239
2006		
January	190,631	284,932
February	202,714	272,147
March	195,821	386,711
April	195,869	373,813
May	83,876	153,242
June	46,001	80,801
July	18,887	38,813
August	30,263	58,171
September	50,635	91,281
October	57,689	110,185
November	42,571	84,622
December	48,956	97,999
2007		
January	126,779	262,641
February	319,151	682,581
March	222,985	525,394
April	115,268	247,394
May	67,022	132,008
June	43,334	95,738
July	45,522	133,606
August	178,470	361,924
September	451,569	813,277
October	186,749	345,693
November	54,375	104,782
December	72,092	164,900

	Average Daily Volume (Shares)	Average Daily Turnover (£)
2008		
January	110,108	323,511
February	29,268	78,801
March	62,470	132,268
April	31,527	73,336
May	24,335	67,583
June	73,255	116,972
July	39,697	107,936
August	10,305	23,047
September	59,359	94,744
October	113,231	132,284
November	25,618	37,437
December	141,527	189,496
2009		
January	14,517	22,719
February	81,384	130,944
March	46,551	69,111
April	125,610	184,462
May	33,216	74,391
June	15,239	37,939
July	193,717	396,561
August	37,390	90,668
September	68,260	209,663
October	443,103	1,520,922
November (up to the Latest Practicable Date) *(Note)*	1,934,304	800,605

Note: Pursuant to a resolution passed by the Shareholders on 2 November 2009, the Company's issued and unissued shares of HK$0.10 each were subdivided into ten shares of HK$0.01 so that the authorised and issued share capital of the Company would be HK$20,000,000 divided into 2,000,000,000 shares and HK$7,705,598 divided into 770,559,800 shares of HK$0.01 each. For the purpose of computing the average daily volume of the Shares traded on AIM and PLUS Market for the period of November 2009 and up to the Latest Practicable Date, the average daily volume prior to the subdivision of Shares are multiplied by ten for illustrative purpose.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the Group's historical consolidated financial statements and the accompanying notes included in the Accountants' Report set out in Appendix I to this document. The Accountants' Report has been prepared in accordance with IFRS.

OVERVIEW

According to the Guangxi Citrus Research Institute, the Group was, as at 30 June 2009, the single largest orange plantation owner and the single largest orange producer in the PRC. The Group is engaged in the cultivation, production and sale of oranges and currently owns and operates orange plantations in the PRC. The Group has two operational orange plantations in the PRC occupying in total approximately 102,000 mu (equivalent to approximately 68.0 sq.km.) of land, with approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu county of the Guangxi Zhuang Autonomous Region, the Hepu Plantation, and approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) in the Xinfeng county of the Jiangxi province, the Xinfeng Plantation.

The Group currently cultivates and sells two types of oranges, namely Winter Oranges (mainly Hamlin, Navel and Hong Jiang oranges) and Summer Oranges (Valencia oranges). Except for Hong Jiang, all of the Group's oranges originated from the US. The Group sold its oranges mainly to corporate customers, wholesalers and supermarkets. Since the establishment of the Group's own brand "Royal Star 新雅奇", the Group started to sell its oranges in packaged boxes printed with the Group's logo to create consumer awareness.

To secure additional supplies to meet the expected increase in demand for oranges in the PRC, the Group has identified Dao county in Hunan province as a suitable site for the development of a third orange plantation which will occupy approximately 53,000 mu (equivalent to approximately 35.3 sq.km.) of land, the Hunan Plantation. The Group has commenced basic infrastructure work on the Hunan Plantation since 2008.

Since March 2006, the Group has begun to establish an agricultural wholesale market and orange processing centre located in the Xinfeng county of Jiangxi province. The Xinfeng Development will consist of approximately 650 retail units to be sold to local producers who may use the market frontage to sell their own produce, and is being developed in three phases with the first phase development comprising of 238 retail units having been completed during the year ended 30 June 2008.

The following table sets out the Group's revenue and percentage of the revenue attributable to the Group's business segment for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June					
	2007		2008		2009	
	RMB'000	*% of total revenue*	*RMB'000*	*% of total revenue*	*RMB'000*	*% of total revenue*
Sales of oranges						
- Winter Oranges	147,060	30.7	181,227	34.0	274,597	41.1
- Summer Oranges	332,668	69.3	345,753	64.7	360,348	53.9
Total − sales of oranges	479,728	100.0	526,980	98.7	634,945	95.0
Sales of self-bred saplings	—	—	—	—	2,246	0.3
Sales of properties	—	—	6,795	1.3	31,338	4.7
Total revenue	479,728	100.0	533,775	100.0	668,529	100.0

BASIS OF PRESENTATION

The following discussion and analysis of the Group's financial condition and results of operations is based on the selected financial information as at and for the years ended 30 June 2007, 2008 and 2009, and is qualified entirely by reference to the financial information in the Accountants' Report set out in Appendix I to this document and has been prepared based on the audited consolidated financial statements of the Group. This information should be read together with the financial information and the notes thereto included in the Accountants' Report as well as financial and other information included elsewhere in this document.

FACTORS AFFECTING THE RESULTS OF OPERATIONS

The Group's financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below.

Changes in fair value of biological assets less estimated point-of-sale costs

IAS 41 "Agriculture" on accounting for biological assets requires the Group to account for its biological assets based on the fair value of the biological assets, less estimated point-of-sale costs as at each balance sheet date. The Group's biological assets comprise orange trees, infant trees, immature seedlings and self-bred saplings.

As there is no active market for the Group's orange trees, fair value is determined based on the present value of expected net cash flows from the orange trees discounted at a current market-determined pre-tax rate. Infant trees and immature seedlings purchased from the open market which are to undergo the process of transformation until they become mature and productive are also stated at fair value less estimated point-of-sale costs. The fair values are based on market-determined prices of infant trees and immature seedlings with similar size, species and age or alternative estimates of fair values. In the absence of an active open market, self-bred saplings are stated at cost at the balance sheet date and will be transferred to the category of infant trees upon plantation at their carrying value.

The aggregate gain or loss arising from the initial recognition of the Group's biological assets and from the change in the fair value of the Group's biological assets, less estimated point-of-sales costs, is recognised in the income statement as profit or loss. Any such profit or loss reflects only unrealised gain or loss on the Group's biological assets as at the relevant balance sheet date and does not generate actual cash inflow or outflow unless such biological assets are disposed of at such revalued amounts.

Changes in "fair value of biological assets" will occur as a result of growth, level of output, movements in prices and costs. Less frequently the discount rate used could change (and so change the fair value of biological assets) in response to changes in the economic return required from plantation investments.

The Group has engaged Vigers, an independent valuer, to determine the fair value of the orange trees less estimated point-of-sale costs as at 30 June 2009. Vigers was also previously engaged by the Company to determine the fair value of the orange trees less estimated point-of-sale costs as at 30 June 2007 and 30 June 2008. The same valuation approach was used by Vigers throughout the Track Record Period. For the purposes of valuating the Group's orange trees as at 30 June 2009, the key valuers of Vigers comprised Mr. Raymond Ho, Mr. Favian Kam and Mr. Chew Kwong Cheong. Mr. Raymond Ho, RPS(GP), MSc(e-com), Managing Director, is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors and has 23 years of experience in undertaking valuation in Hong Kong and has over 16 years experience in the valuation of properties and business in the PRC. With over 18 years of experience in PRC and Asia, Mr. Ho runs the operation of Vigers, with special duty on PRC properties and projects, including initial public offerings, business valuation, plant and machinery valuation and feasibility studies. Mr. Favian Kam, CFA, MBA, Director, is responsible for business, intangible assets and financial assets valuation. Mr. Kam possesses over 11 years of experience in direct investment analysis, infrastructure, retails and financial analysis. He had been working in an infrastructure company listed in Hong Kong and an international retailer listed overseas, and was responsible for investment projects and development, financial appraisal and analysis. Mr. Kam had conducted numerous valuations for listed companies in Hong Kong, PRC and overseas, covering business in hotel operation, instrument manufacturing, railway, toll road and bridge, power supply, food processing, mining, trademark, biological assets and financial assets. Mr. Chew Kwong Cheong is a registered valuer, a member of the Institute of Surveyors of Malaysia, Bachelor of Surveying degree, and has over 30 years of experiences in undertaking valuations in South East Asia Regions. Mr. Chew's specialty includes real estates, forestry and palm oil plantation valuation for various companies in Malaysia and Indonesia.

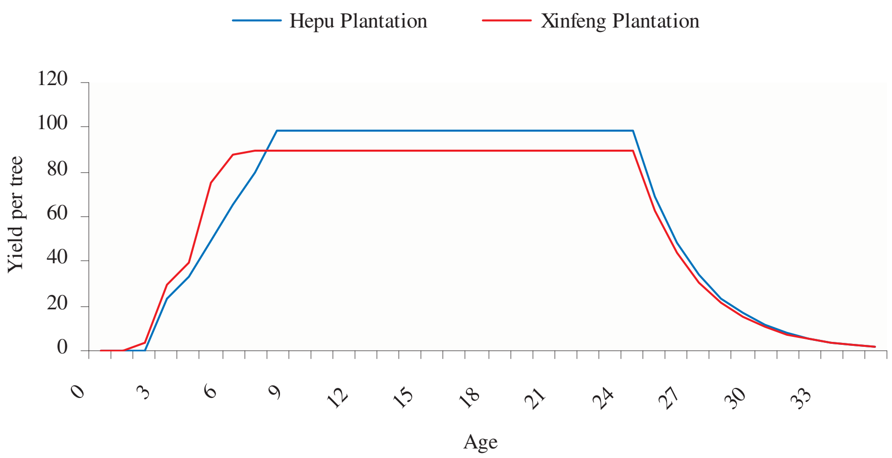
Vigers was approached to undertake the IAS 41 valuations for the purpose of the Listing and received payment for the work performed. The payment was not conditional on the Company's approval of the orange value.

Vigers carried out the valuation of the Group's orange trees in accordance with the IAS 41 and the International Valuation Standards issued by the International Valuation Standard Committee. In estimating the fair value of the Group's orange trees using the income approach, Vigers made a number of key assumptions. The most relevant of these assumptions include the relevant discount rate applied by Vigers, market prices of the oranges, yield per tree and changes in production costs, among others. According to IAS 41, point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. The Group did not have any point-of-sales costs during the Track Record Period. See "Critical Accounting Policies and Estimates — Fair value of biological assets less estimated point-of-sale costs" below for further information regarding the basis of determination of gains/(loses) from changes in fair value of biological assets.

Plantation capacity and facility expansion

The Group's sales volume is primarily a function of its plantation capacity. The success of the Group's business depends largely on the growth and volume of oranges harvested at its plantations. The Group has been increasing its plantation capacity since 2002 by developing the Xinfeng Plantation which is now fully planted with approximately 1.6 million Winter Orange trees, of which 800,000 oranges trees were of orange-bearing age as at 30 June 2009 and the remaining will reach their orange-bearing age and contribute to the production volume by winter 2010. Together with the Hepu Plantation, as at 30 June 2009, the Group had approximately 2.9 million orange trees of which approximately 2.0 million orange trees are in production. The plantation capacity is also affected by the yield which in turn varies depending in the maturity of the oranges trees. Normally, oranges trees starts to bear fruit four years after they are planted in the plantation. The yield of oranges typically increases between years five and ten. Thereafter, the trees continue to bear oranges for approximately a further 20 years reaching the age of 25 to 30 years, following which a gradual decline in yield is generally seen.

The chart below shows the yield per tree adopted by Vigers for the valuation of the Group's orange trees planted in the Hepu Plantation and the Xinfeng Plantation as at 30 June 2009.



As at 30 June 2009, out of the 2.0 million orange producing trees, there were approximately 1.1 million trees that were aged between 4 and 7 years and approximately 892,000 trees that were aged between 8 to 15 years.

The table below sets out the Group's sales volume and revenue generated from selling of oranges for each of the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June					
	2007		2008		2009	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
	tonne	*RMB'000*	*tonne*	*RMB'000*	*tonne*	*RMB'000*
Winter Oranges	49,871	147,060	59,281	181,227	80,807	274,597
Summer Oranges	71,220	332,668	71,027	345,753	71,252	360,348
Total	121,091	479,728	130,308	526,980	152,059	634,945

The Group has also started construction of its third orange plantation in the PRC, the Hunan Plantation. The Group has commenced the construction of the Hunan Plantation and plans to plant approximately 2.4 million orange trees over a period of five years. Assuming the development proceeds as planned, the Directors expect the Hunan Plantation's first harvest to take place in 2014 which will further increase the plantation capacity.

Seasonality

The Group's revenue are seasonal in nature. The Group normally records higher levels of sales during the harvest periods of the Group's oranges from October to December for Winter Oranges and from March to May for Summer Oranges. The table below sets forth the Group's revenue generated from sales of oranges for each the first and second half of the year for each of the years ended 30 June 2007, 2008 and 2009. The Group's Hepu Plantation produces both Winter Oranges and Summer Oranges, while the Xinfeng Plantation produces exclusively Winter Oranges. The Directors anticipate that the Hunan Plantation will grow exclusively Summer Oranges.

	Year ended 30 June					
	2007		2008		2009	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
For the six months ended 31 December	147,060	30.7	181,227	34.4	274,597	43.2
For the six months ended 30 June	332,668	69.3	345,753	65.6	360,348	56.8
Total	479,728	100.0	526,980	100.0	634,945	100.0

The proportion of sales for the first six months ended 31 December continued to increase during the Track Record Period. This was mainly due to an increasing number of Winter Orange trees which had reached orange-bearing age and with an increase in the maturity of such trees, the yield per Winter Orange tree had also increased.

The Group intends to plant summer Valencia orange trees at the Hunan Plantation as well as part of its replanting programme at the Hepu Plantation. The Directors expect this combination to extend the Group's harvest periods, enabling the Group to supply oranges during periods where demand exceeds supply and thus reducing the seasonality of the Group's revenue.

Pricing and Sales

Market forces of supply and demand generally determine the pricing of the Group's oranges. As consumers in the PRC have enjoyed growing levels of purchasing power, their per capita consumption of orange has grown and demand for oranges in the PRC has risen significantly over recent years. As customers have a financial ability to pay more attention to their health, they tend to choose better quality fruit, which lead to higher demand of the Group's oranges. In order to maintain competitive, the Group's sales and marketing team periodically reviews the retail prices of oranges in the PRC, the level of sales and the changing preferences of customers as well as collecting feedback in relation to the Group's oranges. The following table sets out the average selling prices of the Group's oranges for each of the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB *(per tonne)*	*RMB* *(per tonne)*	*RMB* *(per tonne)*
Hepu Plantation			
- Winter Oranges	2,961	3,089	3,470
- Summer Oranges	4,671	4,868	5,057
Xinfeng Plantation			
- Winter Oranges	2,800	2,900	3,260

Summer Oranges are generally more expensive than Winter Oranges as there is a significantly lower supply of Summer Oranges in the PRC compared to Winter Oranges and Summer Oranges are usually bigger in size compared to certain species of Winter Oranges such as the Hamlin and Hong Jiang species, giving Summer Oranges a more appealing appearance.

During the Track Record Period, the Group was able to achieve an increased average selling prices of its oranges mainly contributed by an increased portion of sales made to supermarkets as well as the accreditation of "Organic Products" from the China Organic Food Certification Centre.

Raw materials

The primary raw materials used in the Group's operations are fertilisers, packaging materials and pesticides, representing 41.6%, 38.4% and 44.7%, respectively (in the case of fertilisers); 23.3%, 20.9% and 16.7%, respectively (in the case of packaging materials); and 11.1%, 10.0% and 8.4%, respectively (in the case of pesticides), of the Group's cost of sales of oranges for the years ended 30 June 2007, 2008 and 2009. The Group relies on suppliers to supply these raw materials, some of which are obtained from a single supplier, or a limited group of suppliers. The ability of the Group's suppliers to supply the raw materials to a high standard of quality, on time and at a competitive prices is a factor affecting the Group's business. However, the Directors are of the view that alternate suppliers can be easily identified with the large pool of packaging materials and agricultural materials suppliers available in the PRC.

Level of income tax and preferential tax treatment

The preferential tax treatment enjoyed by the Group affects the Group's business and results of operations. At present, Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team Agriculture are exempt from EIT since 1 January 2008. The first assessable profit-making year that Lucky Team (Hepu) has been exempt from EIT was 2000. The tax effect of profit not subject to income tax for the year ended 30 June 2007 was approximately RMB 1.3 million, principally consisted of the interest income and exchange gain of non-PRC subsidiaries which are exempt from income tax. The tax effect of profit not subject to income tax for the years ended 30 June 2008 and 2009 was approximately RMB64.6 million and RMB118.9 million, respectively, mainly comprised the tax effect of profits attributable to PRC subsidiaries which are exempt from EIT under the New Tax Law effective from 1 January 2008. These tax concessions that the Group qualifies for are factors affecting the profitability of the Group's business.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information set out in the Accountants' Report has been prepared in accordance with IFRS. The Group's principal accounting policies are set out in the "Significant Accounting Policies" section of the Accountants' Report in Appendix I. IFRS requires that the Group to adopt the accounting policies and make the estimates that the Directors believe prudent and reasonable in the circumstances for the purposes of giving a true and fair view of the Group's results and financial condition. However, different policies, estimates and assumptions in critical areas could lead to materially different results. The Group identified below the accounting policies that the Directors believe are the most critical to our consolidated financial statements and that involve the most significant estimates and judgements.

Fair value of biological assets less estimated point-of-sale costs

IAS 41 on accounting for biological assets requires the Group to account for its biological assets based on the fair value of its biological assets, less estimated point-of-sale costs as of each balance sheet date. Fair value represents the amount for which such assets could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The Group's biological assets comprise orange trees, infant trees, immature seedlings and self-bred saplings. The role of orange trees is to supply oranges through the growth process in each production cycle. The infant trees, immature seedlings and self-bred saplings are held for their future potential as fruit-bearing orange trees. Both the infant trees, immature seedlings and self-bred saplings undergo significant biological transformation before they begin producing oranges.

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

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

Once the infant trees, immature seedlings and self-bred saplings become mature and productive, they are transferred to the category of orange trees. As there is no active market for orange trees fair value is determined based on the present value of expected net cash flows from the orange trees discounted at a current market-determined pre-tax rate.

Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value. Since all harvested oranges were sold before each of the balance sheet date during the Track Record Period, the changes in fair value of agricultural produce recognised at the point of harvest were included as revenue of the Group prior to each balance sheet date.

According to paragraph 28 of IAS 41, a gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs shall be included in profit or loss for the period in which it arises. Given that the net increment to the fair value of agricultural produce at the point of harvest is included in the revenue arising from sales of oranges and the revenue is measured at fair value of consideration received or receivable in accordance with IAS 18 "Revenue", the Reporting Accountants are of the view that the Company has complied with both IAS 41 and IAS 18 and there was no material misstatement of revenue for the Track Record Period.

Valuation of biological assets

In arriving at their opinion of the Group's orange trees value, Vigers has adopted the income approach for the use of valuation method. The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for an asset than an amount equal to the present worth of anticipated future benefits (income) from the same or an equivalent asset with similar risk. As advised by Vigers, the income approach was used because there is no active market for the Group's orange trees and market price multiple of orange trees is not observable in the market. Under the income approach, the valuations of the Group's orange trees were conducted on the basis of discounted cash flow. The discount rate being applied to the discounted cash flow model is based on Capital Asset Pricing Model ("CAPM"). Vigers begins with the appraised value of the Group's orange trees by discounting the future income streams attributable to the Group's orange trees to arrive at a present value and deducts the tangible assets (including plantation related machinery and equipment and land improvements) from the appraised value which are employed in the operation of the Group's plantations.

Biological assets are often physically attached to land and an entity may use information regarding the combined assets to determine fair value for the biological assets according to IAS 41. For example, the fair value of raw land and land improvements may be deducted from the fair value of the combined assets to arrive at the fair value of biological assets. Since orange trees are physically attached to land and the plantation-related machinery and equipment and land improvements are an integral part of orange tree operation, Vigers prepared the operating value of the orange trees on a combined assets basis, i.e. the entire orange tree operation. The fair value of orange trees less estimated point-of-sale costs is then calculated by deducting the fair value, which represents the market value, of plantation-related machinery and equipment and land improvements from the fair value of the orange tree operation, which is in accordance with IAS 41. Based on the above, the Directors and Reporting Accountants are of the view that the above valuation approach is appropriate.

Vigers also conducted inspections of the plantations and performed sample counts on the oranges trees in connection with their revaluations of the Group's orange trees.

Assumptions

The discounted cash flow method adopted a number of key assumptions, which include the discount rate, market prices of oranges, production yield per tree, related production costs, etc. The values of such variables are determined by Vigers using information supplied by the Group, as well as proprietary and third-party data, as follows:

- The discount rate applied by Vigers for each of the years ended 30 June 2007, 2008 and 2009 was 20.4%, 18.7% and 20.1%, taking reference, but not limited to, (i) the yield of the government bond in the PRC; (ii) the market return in the stock market of the PRC and the return on equity of listed companies which engaged in similar line of business (for this purpose, Vigers used (1) Xinjiang Chalkis Co., Ltd. (primarily engaged in cultivation, production, processing and sale of tomato products such as concentrated tomato paste, peeled and chopped tomatoes, canned tomatoes and other tomato related products); (2) Shandong Denghai Seeds Co., Ltd. (primarily engaged in production and sale of maize seeds, vegetable seeds and flowers); (3) Hefei Fengle Seed Co., Ltd. (primarily engaged in production and sale of various agricultural seeds, spices, peppermint oil, pesticides and other agricultural supplies); and (4) Yuan Longping High-tech Agriculture Co., Ltd. (primarily engaged in production and sale of crop and vegetable seeds, corns, rice, wheat, other agricultural produce and agricultural chemicals) as comparable companies since these companies are PRC listed companies engaged in the agricultural industry in the PRC); and (iii) the specific risk of the subject including, but not limited to, risk on weather, disease and natural disaster. As advised by Vigers, the discount rate reflected the expected market return on a particular asset and can be affected by the interest rate, market sentiments and risk of a particular asset versus the general market risk. Discount rate for the year ended 30 June 2008 dropped to 18.7% from 20.4% for the year ended 30 June 2007. As advised by Vigers, since investors demonstrated relatively weak appetite on agricultural stocks than the overall equity market during the bloom of the overall PRC economy, the change in the expected market return of the agricultural stocks is thus less than the expected market return of the PRC stock market in general, which resulted in the decrease in discount rate.

The rise of discount rate for the year ended 30 June 2009 to 20.1% from 18.7% for the year ended 30 June 2008 reflected the pessimistic market sentiments following the global financial crisis at the end of 2008 and a higher discount rate was therefore expected from investors in view of uncertainty on the global economy.

Based on the above, the Directors and the Reporting Accountants are of the view that the discount rates used by Vigers in each of the valuations during the Track Record Period are appropriate and reasonable.

- The yield per tree variables represent the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, the climate, location, soil conditions, topography and infrastructure. In general, yield per tree increases from age 3 to 8, remains stable for about 22 years, and then decreases until age 35. Vigers' agricultural consultant estimates that the yield per tree based on field inspection of general growth conditions of orange trees and average yield data of typical orange plantations in the PRC. The following tables set out the estimated annual yield per tree of the Group's oranges trees applied by Vigers for the years ended 30 June 2007, 2008 and 2009.

	Yield per tree (kg) for the years ended 30 June 2007 and 2008					
Age	**3**	**4**	**5**	**6**	**7**	**8***(Note1)*
Hepu Plantation						
Winter Oranges	23.71	32.96	49.58	65.05	80.14	98.73
Summer Oranges*(Note 2)*	—	—	—	—	—	98.19
Xinfeng Plantation						
Winter Oranges	9.00	25.00	60.00	60.00	60.00	60.00

	Yield per tree (kg) for the year ended 30 June 2009					
Age	**3**	**4**	**5**	**6**	**7**	**8***(Note1)*
Hepu Plantation						
Winter Oranges	23.71	32.96	49.58	65.05	80.14	98.73
Summer Oranges*(Note 2)*	—	—	—	—	—	98.19
Xinfeng Plantation						
Winter Oranges	29.50	39.00	75.00	87.50	90.00	90.00

Notes:

(1) As advised by Vigers, a constant yield per tree was applied for trees aged 8 to 24 and thereafter a declining yielding rate was applied until the trees reached age 35.

(2) Summer Orange trees planted in Hepu Plantation were either infant trees or trees with an age of 8 or over.

As advised by Vigers, the increase in the annual total yield per tree at the Xinfeng Plantation for the year ended 30 Jun 2009 as compared to the years ended 30 Jun 2007 and 2008 was due to better plantation management and improvements in growth conditions of orange trees after the on site inspection performed by Vigers' agricultural consultant.

- The market prices variables represent the assumed market price for the Summer Oranges and Winter Oranges produced by the Group. Vigers adopted the market sales prices prevailing as of the relevant balance sheet date for each type of oranges produced by the Group as the sales price estimation. Such estimation was based on real terms without considering inflationary effect and planned future business activity that may impact the future prices of oranges harvested from the Group's plantations. The selling prices of Winter Oranges and Summer Oranges from the Hepu Plantation and Winter Oranges from the Xinfeng Plantation adopted by Vigers were RMB2,600 per tonne, RMB4,230 per tonne and RMB 2,800 per tonne, respectively, for the year ended 30 June 2007; RMB2,700 per tonne, RMB4,300 per tonne and RMB 2,900 per tonne, respectively, for the year ended 30 June 2008; and RMB2,900 per tonne, RMB4,530 per tonne and RMB3,260 per tonne, respectively, for the year ended 30 June 2009.

- The direct production costs variables represent the direct costs necessary to bring the oranges to their sales form, which mainly include raw material costs and direct labour costs. The direct production costs variable is determined by Vigers by reference to actual costs incurred for areas that have been previously harvested and cost information for comparable areas with regards to areas that have not been harvested previously. Vigers applied direct production costs of 28.0% to 30.0% and 30.0% to 60.8% of sale of oranges for the Hepu Plantation and the Xinfeng Plantation, respectively during the year ended 30 June 2007, 2008 and 2009. As advised by Vigers, a relative stable direct production costs variable was applied in the Hepu Plantation taken into account its mature status whereas a higher direct production costs variable was anticipated in the Xinfeng Plantation since it is a younger plantation which normally requires a higher operating cost before reaching its full maturity and economies of scale.

According to IAS 41, point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. The Group did not have any point-of-sales costs during the Track Record Period.

Changes in the discount rates applied by Vigers result in significant fluctuations in the Group's gain from changes in fair value of orange trees less estimated point-of-sale costs. The following table illustrates the sensitivity of the Group's gain from changes in fair value of orange trees less estimated point-of-sale costs to increases or decreases by 100 basis points in the discount rate of 20.1% applied by Vigers for the year ended 30 June 2009:

	100 basis points Decrease	**Base Case**	**100 basis points Increase**
Discount rate	19.1%	20.1%	21.1%
Net gain on change in fair value of biological assets (RMB'000)	290,797	210,631	136,743

Changes in the yield per orange tree can also result in significant fluctuations in gain from changes in fair value of orange trees less estimated point-of-sale costs. The following table illustrates that sensitivity of the Group's gain from changes in fair value of orange trees less estimated point-of-sale costs to 5.0% increase or decrease in the yield per tree applied by Vigers for the year ended 30 June 2009:

	5.0% Decrease	**Base Case**	**5.0% Increase**
Net gain on change in fair value of biological assets (RMB'000)	129,565	210,631	299,074

Changes in assumed market prices of the oranges can also result in significant fluctuations in gain from changes in fair value of orange trees less estimated point-of-sale costs. The following table illustrates the sensitivity of the Group's gain from changes in fair value of orange trees less estimated point-of-sale costs to 5.0% increase or decrease in the assumed market prices of oranges as at 30 June 2009 used to calculate gain from changes in fair value of orange trees less estimated point-of-sale costs for the year ended 30 June 2009:

	5.0% Decrease	**Base Case**	**5.0% Increase**
Net gain on change in fair value of biological assets (RMB'000)	129,639	210,631	299,148

Changes in the assumed direct production costs can also result in significant fluctuations in gain from changes in fair value of orange trees less estimated point-of-sale costs. The following table illustrates the sensitivity of the Group's gain from changes in fair value of orange trees less estimated point-of-sale costs to 5.0% increases or decreases in the Group's assumed direct production costs used to calculate gain from changes in fair value of orange trees less estimated point-of-sale costs for the year ended 30 June 2009:

	5.0% Decrease	Base Case	5.0% Increase
Net gain on change in fair value of biological assets (RMB'000)	252,883	210,631	175,756

The above sensitivity analyses are intended for illustrative purposes only, and any variation could exceed the amounts shown above.

Other key assumptions which have taken into account by Vigers in valuing the Group's orange trees includes (but is not limited to):

- market trends and conditions will not deviate significantly from the economic forecasts in general. Competitors will not change their marketing strategies substantially in future;
- there will be no material adverse change in the political, legal, fiscal or economic condition in the regions in which the Group carries on its business in the PRC;
- the Group will retain its key management, competent personnel and technical staff to support its ongoing operations;
- the Group can renew its business licences and operate the business into the indefinite future;
- cash flows are calculated from the current rotation of orange trees only, without taking into account the projected revenues or costs related to the reestablishment of new orange trees;
- projected cash flows have not taken into account finance costs and taxation and were adopted based on real terms without considering inflationary effect;
- as discounted cash flows are based on current orange prices, the planned future business activity that may impact the future prices of oranges harvested from the Group's plantations are not considered;
- no allowance is made for cost improvements in future operations; and
- the reasonableness of the information provided by the Group (such as business licenses and related documents, financial projections of the Group and product information) and information provided by Vigers' appointed agricultural consultant in relation to the physical condition of the orange plantations, the expected life and capacity of the orange trees.

The Directors have confirmed that the assumptions adopted for purposes of calculating fair value of biological assets less estimated point-of-sale costs for purposes of the Company's consolidated financial statements are reasonable for purposes of the requirements of IAS 41.

Information reviewed

The information and factors relating to the Group's biological assets that were further considered by Vigers in their valuations included (but were not limited to): (i) the business nature of the Group, business licenses and other relevant legal documents; (ii) financial projections of the Group; (iii) auditors reports and relevant management accounts of the Group for each of the relevant periods; (iv) product information, position of products, contractual sales quantity, units selling prices and cost structure; (v) possible taxation arrangements and tax that may be applicable; and (vi) on site studies carried out by Vigers' appointed agricultural consultant in relation to the physical condition of the orange plantations, expected life and capacity of the orange trees. Vigers also held discussions with the management, which they considered sufficient for the valuation of the biological assets in question. As advised by Vigers, they believe that informed views were formed and no material factors had been intentionally omitted or withheld.

Valuation

According to the valuation report of Vigers dated 16 October 2007, the aggregate value of the orange trees in the Hepu Plantation and Xinfeng Plantation as at 30 June 2007 was estimated to be approximately RMB753 million.

According to the valuation report of Vigers dated 14 October 2008, the aggregate value of the orange trees in the Hepu Plantation and Xinfeng Plantation as at 30 June 2008 was estimated to be approximately RMB918 million.

According to the valuation report of Vigers dated 15 September 2009, the aggregate value of the orange trees in the Hepu Plantation and Xinfeng Plantation as at 30 June 2009 was estimated to be approximately RMB1,133 million.

See "Results of Operations — Net gain on change in fair value of biological assets" and "Analysis on Certain Balance Sheet Items — Biological assets" below for further information.

Revenue recognition

Sales of agricultural products

Sales of agricultural products, including oranges and self-bred saplings, is measured at fair value of the consideration received on receivables, net of returns on allowance, trade discounts and volume rebate and is recognised on the transfer of ownership, which coincides with the time of delivery of the agricultural products.

Sales of properties

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

Interest income

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

Construction-in-progress

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

Properties for sale

Properties under development for sale are stated at cost less impairment losses. Costs include costs of land use rights, construction costs and other director costs attributable to such properties. On completion, the properties are reclassified to completed properties for sale at the carrying amount.

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

DESCRIPTION OF PRINCIPAL INCOME STATEMENT LINE ITEMS

Revenue

The following table sets out the Group's revenue and percentage of the revenue attributable to the Group's business segment for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June					
	2007		2008		2009	
	RMB'000	*% of total revenue*	*RMB'000*	*% of total revenue*	*RMB'000*	*% of total revenue*
Sales of oranges						
- Winter Oranges	147,060	30.7%	181,227	34.0%	274,597	41.1%
- Summer Oranges	332,668	69.3%	345,753	64.7%	360,348	53.9%
Total − sales of oranges	479,728	100.0%	526,980	98.7%	634,945	95.0%
Sales of self-bred saplings	—	—	—	—	2,246	0.3%
Sales of properties	—	—	6,795	1.3%	31,338	4.7%
Total revenue	479,728	100.0%	533,775	100.0%	668,529	100.0%

The Group's revenue is derived primarily from the sales of oranges in the PRC. For the years ended 30 June 2007, 2008 and 2009, 100.0%, 98.7% and 95.0%, respectively, of the Group's revenue was derived from the sales of oranges; 0%, 0% and 0.3%, respectively, of the Group's revenue was derived from the sales of self-bred saplings; and 0%, 1.3% and 4.7%, respectively, of the Group's revenue was derived from the sales of the units of Phase I of the Xinfeng Development. Revenue derived from the sales of oranges and self-bred saplings is recognised on the transfer of ownership, which coincides with the time of delivery of the agricultural products whereas revenue derived from the sales of properties is recognised upon the execution of a binding sale agreement or upon the issue of a real estate title certificate by the relevant government authorities, whichever is the later, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer.

Changes in fair value of biological assets

Changes in fair value of biological assets consist of unrealised gains or losses that are attributable to the revaluation of the Group's biological assets less estimated point-of-sale costs. IAS 41 on accounting for biological assets requires the Group to account for its biological assets based on the fair value of its biological assets less estimated point-of-sale costs. At each balance sheet date, the Group's biological assets are valued at fair value less estimated point-of-sale costs. The aggregate gain or loss arising from the initial recognition of the biological assets and from the change in the fair value of the biological assets less estimated point-of-sale costs, is recognised in the Group's income statement as profit or loss. Any such profit or loss reflects only unrealised gain or loss on the Group's biological assets as at the relevant balance sheet date and does not generate actual cash inflow or outflow unless such biological assets are disposed of at such revalued amounts.

See "Factors Affecting the Results of Operations — Changes in fair value of biological assets less estimated point-of-sale costs" above for further information regarding the basis of determination of gain/(loss) from changes in fair value of biological assets less estimated point-of-sale costs.

Other income

Other income represents foreign exchange gain. For the years ended 30 June 2007, 2008 and 2009, other income represented 0.7%, 0% and 0%, respectively, of the Group's revenue.

Inventories used

The Group's inventories comprised agricultural materials (including fertilisers and pesticides) and packaging materials, which are stated at lower of cost and net realised value. Inventories used for production purpose represent agricultural materials used for orange-bearing trees as well as packaging materials whereas inventories used for general and administrative purpose represent fertilisers and pesticides for infant trees that have not reached fruit-bearing age. For the years ended 30 June 2007, 2008 and 2009, the inventories used represented 25.5%, 30.4% and 35.1% of the Group's revenue from sales of oranges. The following table set out the inventories used by function for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Inventories used			
- production	112,943	117,273	164,000
- general and administrative	9,512	42,956	58,917
Total	122,455	160,229	222,917

Staff costs

The Group's staff costs comprise remuneration payable to the Directors and to operational, sales and marketing staff, as well as to the agricultural workers recruited by the Group. For the years ended 30 June 2007, 2008 and 2009, the staff costs represented 7.3%, 7.0% and 7.4% of the Group's revenue. The following table set out the staff cost incurred by function for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs			
- production	13,891	17,158	25,568
- selling and distribution	966	1,069	1,163
- general and administrative	20,116	19,385	22,651
Total	34,973	37,612	49,382

Amortisation

The Group's amortisation represents amortisation of land use right and amortisation of deferred development costs. For the years ended 30 June 2007, 2008 and 2009, the Group had amortisation of approximately RMB3.3 million, RMB3.5 million and RMB4.6 million, represented approximately 0.7%, 0.6% and 0.7% of the Group's revenue.

Depreciation

The following table set out the depreciation incurred by function for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation			
- production	16,176	27,013	38,804
- general and administrative	8,094	21,402	18,337
Total	24,270	48,415	57,141

Depreciation for production purpose mainly includes depreciation in farmland, infrastructure and machinery used for planting orange trees, whereas depreciation for general and administrative purpose mainly includes depreciation on buildings, leasehold improvements, furniture, fixtures and equipment and motor vehicles, and depreciation in farmland infrastructure and machinery used for planting infant trees. For the years ended 30 June 2007, 2008 and 2009, depreciation represents 5.1%, 9.1% and 8.5% of the Group's revenue.

Other operating expenses

The following table set out the other operating expenses incurred by function for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Other operating expenses			
- production	5,619	13,283	30,933
- selling and distribution	30,392	34,423	38,724
- general and administrative	19,432	38,232	33,069
Total	55,443	85,938	102,726

Other operating expenses for production purpose mainly include rental expenses, fuel, repair and maintenance, consumables and cost of sales of properties. Other operating expenses for selling and distribution purpose mainly include advertising, sales commission, transportation and travelling. Other operating expenses for general and administrative purpose mainly include exchange losses, research expenses and rental expenses. For the years ended 30 June 2007, 2008 and 2009, the other operating expenses represented 11.6%, 16.1% and 15.4% of the Group's revenue.

Cost of sales

The Group's cost of sales comprises inventories used, staff costs, depreciation and other operating expenses. Please refer to the respective paragraph above for details of each cost. The following table set out the cost of sales by function for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Cost of Sales:			
- Inventories used	112,943	117,273	164,000
- Staff costs	13,891	17,158	25,568
- Depreciation	16,176	27,013	38,804
- Other operating expenses	5,619	13,283	30,933
Total	148,629	174,727	259,305
% of revenue	31.0%	32.7%	38.8%

The following table set out the cost of sales by business segment for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June					
	2007		2008		2009	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of sales of oranges	148,629	100.0	169,251	96.9	235,039	90.6
Cost of sales of self-bred saplings	—	—	—	—	562	0.2
Cost of sales of properties	—	—	5,476	3.1	23,704	9.2
Total	148,629	100.0	174,727	100.0	259,305	100.0

Cost of sales of oranges and self-bred saplings principally consists of the costs of raw materials such as fertilisers, packaging materials, pesticides, and other direct costs such as direct labour, depreciation and production overheads. Cost of sales of properties represents corresponding construction costs (excluding business tax, other related taxes and charges that may be levied such as LAT) of such properties.

Gross profit margin

The following table sets forth a breakdown of the Group's gross profit margin for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	2008	2009
Sales of oranges	69.0%	67.9%	63.0%
Sales of self-bred saplings	—	—	75.0%
Sales of properties	—	19.4%	24.4%
Overall gross profit	69.0%	67.3%	61.2%

The decrease in gross profit margin on the sales of oranges during the Track Record Period was mainly due to an increase in cost of raw materials, such as fertilisers, utilised for higher production volumes, an increase in price of fertilisers and an increase in production overheads, particularly wages and depreciation in machinery and infrastructure, which resulted from full operation at the Xinfeng Plantation.

The increase in gross profit margin on the sales of properties during the Track Record Period was mainly during to the higher price per sq.m. obtained for property sold.

Interest income

The Group's interest income represents interest income earned from bank deposits in the Group's savings and short term deposits accounts at commercial banks.

Finance costs

Finance costs mainly comprise the interest expenses associated with the convertible bonds issued to Metage Funds Limited and Metage Special Emerging Markets Funds Limited, which was calculated by applying the effective interest rate of 12.79% per annum to the liabilities component. The interest expenses associated with the convertible bonds amounted to RMB4.4 million for the year ended 30 June 2007. No such interest expense were incurred for the years ended 30 June 2008 and 2009 since all the convertible bonds were fully converted into new Shares of HK$0.10 each during the year ended 30 June 2007.

Tax

Income tax for the Track Record Period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

As an exempted company incorporated in Bermuda, the Company is not subject to tax in Bermuda on its income or capital gains. In addition, the payment of dividends is not subject to withholding tax in Bermuda. However, the Company's subsidiaries incorporated and operating in various tax jurisdictions, are subject to income tax at various statutory and preferential rates. During the Track Record Period, income tax expenses primarily consisted of PRC enterprise income tax.

Hong Kong

The Company's Hong Kong subsidiary, Asian Citrus HK had no assessable profit arising in or derived in Hong Kong, no provision for Hong Kong profits tax has been made for the Track Record Period by the Group.

The PRC

Before the enactment of the New Tax Law, Lucky Team (Hepu) was subject to a preferential EIT rate of 15% up to 31 December 2007. The first assessable profit-making year that Lucky Team (Hepu) has been exempt from EIT was 2000.

Litian (Xinfeng) was subject to an EIT rate of 33% before the enactment of the New Tax Law and was eligible to be granted a preferential tax treatment. It would be exempt from EIT for the two years starting from its first assessable profit-making year and thereafter is entitled to a 50% relief from EIT for the following three years. No provision for EIT was required since Litian (Xinfeng) had no assessable profit during the Track Record Period.

Pursuant to the New Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. As a result, the PRC subsidiaries of the Group, except for various PRC subsidiaries of the Group engaging in certain agricultural activities, are subject to an EIT rate of 25% from 1 January 2008 onwards.

The New Tax Law came into effect on 1 January 2008 and the Foreign Enterprise Income Tax Law and its Implementation Rules were repealed. According to Article 27 of the New Tax Law and Article 86(1) of the New Tax Law Implementation Rules, enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT. Accordingly, Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team Agriculture are exempt from EIT with effect from 1 January 2008. The deferred taxation previously provided for by these subsidiaries were therefore reversed and recognised as a tax credit in the consolidated income statement for the year ended 30 June 2008.

Lucky Team (Ganzhou) operates the Xinfeng Development in Xinfeng and is subject to an EIT rate of 25% for the years ended 30 June 2008 and 2009.

Lucky Team (Yi Chang) and Lucky Team (Yongzhou) had no assessable profit during the Track Record Period and no provision for EIT has been made for the Track Record Period by the Group.

BVI

The Company's subsidiaries established in the BVI are incorporated under the International Business Companies Act of the BVI and, accordingly, are exempt from BVI income tax.

RESULTS OF OPERATIONS

The following table set out the Group's results for the years ended 30 June 2007, 2008 and 2009, which is prepared on the basis of presentation set out in the Accountant's Report, the text of which is set out in Appendix I to this document:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	479,728	533,775	668,529
Net gain on change in fair value of biological assets	133,172	165,000	210,631
Other income	3,294	—	—
Inventories used	(122,455)	(160,229)	(222,917)
Staff costs	(34,973)	(37,612)	(49,382)
Amortisation	(3,313)	(3,450)	(4,557)
Depreciation	(24,270)	(48,415)	(57,141)
Other operating expenses	(55,443)	(85,938)	(102,726)
Profit from operations	375,740	363,131	442,437
Interest income	2,649	5,982	2,105
Finance costs	(4,390)	(13)	(12)
Net finance (costs)/income	(1,741)	5,969	2,093
Impairment loss on interests in associates	—	—	(1,896)
Share of loss of associates	(14)	(1,359)	(368)
Profit before income tax	373,985	367,741	442,266
Income tax (expense)/credit	(55,280)	31,552	(2,205)
Profit for the year attributable to shareholders	318,705	399,293	440,061
Proposed final dividend	50,454	59,486	61,645
	RMB	*RMB*	*RMB*
Earnings per share			
- Basic	4.88	5.38	5.81
- Diluted	4.87	5.37	5.81

REVIEW OF HISTORICAL OPERATING RESULTS

Year ended 30 June 2009 compared to year ended 30 June 2008

Revenue

The Group's revenue from sales of oranges increased by approximately 20.5% to RMB634.9 million for the year ended 30 June 2009 compared to RMB527.0 million for the year ended 30 June 2008. This was contributed by an increase of approximately 16.7% in the Group's production from 130,308 tonnes to 152,059 tonnes of oranges combined with a 3.2% increase in average selling price of oranges from RMB4,044 per tonne for the year ended 30 June 2008 to approximately RMB4,176 per tonne for the year ended 30 June 2009.

The production yield from the Hepu Plantation increased approximately 3.5% to 124,394 tonnes of oranges for the year ended 30 June 2009 as compared to 120,189 tonnes for the year ended 30 June 2008. As the orange trees continue to mature and more trees reached orange-bearing age, the production yield from the Xinfeng Plantation increased to 27,665 tonnes of oranges for the year ended 30 June 2009, a significant increase of approximately 173.4% from 10,119 tonnes for the year ended 30 June 2008.

The increase in selling prices was due to the increase in demand for the oranges in the PRC, the accreditation of the "Organic Products" certificates, as well as an increased portion of the Group's oranges being sold to supermarkets during the year ended 30 June 2009, which enable the Group to obtain higher selling prices since supermarkets require a specific minimum size and sometimes request the oranges, to be washed, dried, waxed and packaged. For the year ended 30 June 2009, sales to supermarkets accounted for approximately 28.3% and 36.7% of the Group's production volume and revenue, respectively, as compared to approximately 27.1% and 36.3%, respectively, for the year ended 30 June 2008.

The first sales of self-bred saplings developed from the nursery centre at the Hepu Plantation has taken place in April 2009. For the year ended 30 June 2009, RMB2.2 million was recognised from the sales of the self-bred saplings.

Sale of properties is recognised upon the execution of a binding sale agreement or upon the issuance of a real estate title certificate by the relevant government authorities, whichever is the later which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. For the year ended 30 June 2009, real estate title certificates were issued for 96 units, therefore, approximately RMB31.3 million was recognised from the sales of the units of Phase I of the Xinfeng Development.

As a result of the above, the total revenue for the year ended 30 June 2009 increased by 25.2% to RMB668.5 million as compared to RMB533.8 for the year ended 30 June 2008.

Net gain on change in fair value of biological assets

The Group recorded a gain of RMB210.6 million from change in fair value of biological assets less estimated point-of-sale costs for the year ended 30 June 2009, compared to a gain of approximately RMB165.0 million for the year ended 30 June 2008. The increase was mainly due to the higher selling price of the oranges achieved by the Group, the transfer of 446,077 infant trees to orange trees and the increased maturity of orange trees in Xinfeng Plantation during the year.

Inventories used

The Group's inventories used increased by approximately 39.1% from RMB160.2 million for the year ended 30 June 2008 to RMB222.9 million for the year ended 30 June 2009. Inventories used for production increased by approximately 39.8% from RMB117.3 million for the year ended 30 June 2008 to RMB164.0 million for the year ended 30 June 2009 due to the increase in the Group's production volumes for the same year as well as the higher fertiliser costs. Inventories used for general and administrative purpose increased by approximately 37.0% from RMB43.0 million for the year ended 30 June 2008 to RMB58.9 million for the year ended 30 June 2009. The increase was mainly due to higher fertiliser costs, the slight increase in number of infant trees at the Hepu Plantation to 213,000 for the year ended 30 June 2009 from 177,000 for the year ended 30 June 2008 and higher utilisation of certain fertilisers in Xinfeng Plantation to enhance the soil fertility for better growth of the infant trees.

Staff costs

The Group's staff costs increased by approximately 31.4% from approximately RMB37.6 million for the year ended 30 June 2008 to RMB49.4 million for the year ended 30 June 2009. The increase in staff costs was due mainly to higher wages incurred for part-time workers as well as more people was employed to pick the oranges due to additional 400,000 Winter Oranges in Xinfeng Plantation began to bear oranges during the year. The Group also recognised a cost of RMB9.0 million in relation to employee share option benefits for the year, representing an increase of approximately RMB2.1 million over the last year.

Amortisation

The Group's amortisation comprises amortisation of land use rights and amortisation of deferred development costs. Amortisation increased by 31.4% from RMB3.5 million for the year ended 30 June 2008 to RMB4.6 million for the year ended 30 June 2009 as one of the development projects was completed and started to amortise since May 2008.

Depreciation

The Group's depreciation increased by approximately 18.0% from RMB48.4 million for the year ended 30 June 2008 to RMB57.1 million for the year ended 30 June 2009. The increase in depreciation was mainly due to the additions of infrastructure for organic farming at the Group's plantations which initiated the depreciation during the year.

Other operating expenses

The Group's other operating expenses increased by approximately 19.6% from RMB85.9 million for the year ended 30 June 2008 to RMB102.7 million for the year ended 30 June 2009. The increase was mainly due to the following:

— an increase of the other operating expenses for production purpose by approximately 132.3% from RMB13.3 million for the year ended 30 June 2008 to RMB30.9 million for the year ended 30 June 2009 due to the recognition of costs amounting to RMB18.2 million as a result of the sales of 96 units of the Xinfeng Development;

— an increase of the other operating expenses for selling and distribution purpose by approximately 12.5% from RMB34.4 million for the year ended 30 June 2008 to RMB38.7 million for the year ended 30 June 2009 due to the increased sale activities in Xinfeng Plantation and higher transportation costs as a result of increased volume of sales made to supermarkets; and

— a decrease of the other operating expenses for general and administrative purpose by approximately 13.4% from RMB38.2 million for the year ended 30 June 2008 to RMB33.1 million for the year ended 30 June 2009 due to decreased loss of exchange difference of RMB 14.4 million but partially offset by the increased research costs of RMB1.6 million incurred for an internal research programme to maintain the high standard of cultivation and plantation base management techniques and several start up costs for the Group's development in PRC.

Cost of sales

The Group's cost of sales of oranges increased by 38.8% from RMB169.3 million for the year ended 30 June 2008 to RMB235.0 million for the year ended 30 June 2009. The increase in cost of sales of oranges was primarily due to the increase in raw materials, such as fertilisers, utilised for higher production volumes and the inclusion of production costs related to the first harvest of the second batch of 400,000 orange trees in Xinfeng Plantation during the year, and an increase in cost of fertilisers, one of the Group's major raw materials, during the year. In addition, an increase in production overheads, particularly, higher staff costs was incurred for part-time workers; and higher depreciation was incurred during the year ended 30 June 2009 for RMB38.8 million as compared to the year ended 30 June 2008 of RMB27.0 million due to the completion of certain infrastructure and land improvement on the Group's plantations and started incurring depreciation during the year also contributed to the increase in cost of sales of oranges. The average unit cost of oranges increased to RMB1.55 per kg for the year ended 30 June 2009 from RMB1.30 per kg for the year ended 30 June 2008.

The cost of self-bred saplings was RMB0.6 million for the year ended 30 June 2009 as compared to nil for the year ended 30 June 2008.

The cost of sales of properties was RMB23.7 million for the year ended 30 June 2009 as compared to RMB5.5 million for the year ended 30 June 2008 as a result of corresponding recognition of revenue from the sales of 96 units of the Xinfeng Development.

As a result of the above, the Group's total cost of sales increased by approximately 48.4% from RMB174.7 million for the year ended 30 June 2008 to RMB259.3 million for the year ended 30 June 2009.

Gross profit margin

The gross profit margin on the sales of oranges decreased from approximately 67.9% for the year ended 30 June 2008 to approximately 63.0% for the year ended 30 June 2009 mainly due to the higher contribution from Xinfeng Plantation at a lower gross profit margin reflecting its early stage of development and the higher costs associated with the organic farming, increased in fertiliser costs and higher wage.

The gross profit margin on the sales of properties for the year ended 30 June 2009 was 24.4% as compared to 19.4% for the year ended 30 June 2008. Such increase in gross profit margin was due to the higher price per sq.m. obtained for property sold.

Interest income

Interest income decreased by approximately 65.0% from RMB6.0 million for the year ended 30 June 2008 to RMB2.1 million for the year ended 30 June 2009. This decrease was due mainly to the low interest rate during the year.

Share of loss of associates

The Company is interested in 46% equity interest in both Asian Fruits and Asian Fruits Trading, which are accounted for as associates of the Group. Asian Fruits Trading is a wholly-owned subsidiary of Asian Fruits. Both Asian Fruits and Asian Fruits Trading are currently dormant. For the year ended 30 June 2009, the share of loss of associates was approximately RMB0.4 million as compared to approximately RMB1.4 million for the year ended 30 June 2008. Due to the cessation of the business of the associates, an impairment loss of RMB1.9 million was recognised in respect of the interests in associates during the year ended 30 June 2009.

Profit before income tax

The Group's profit before income tax increased by approximately 20.3% from RMB367.7 million for the year ended 30 June 2008 to RMB442.3 million for the year ended 30 June 2009. The increase was the combined result of the factors discussed above.

Income tax

As a result of the New Tax Law which stipulates that enterprise engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT with effect from 1 January 2008. This resulted in an one-off tax credit from the reversal of net deferred tax liabilities of RMB42.9 million during the year ended 30 June 2008, no such tax credit was recognised for the year ended 30 June 2009. As such, the Group has recognised a tax expenses of RMB2.2 million for the year ended 30 June 2009 as compared to a tax credit of RMB31.6 million for the year ended 30 June 2008.

Profit for the year attributable to shareholders

The profit for the year attributable to shareholders for the year ended 30 June 2009 increased to approximately RMB440.1 million, representing an increase of 10.2% as compared to the year ended 30 June 2008.

Proposed final dividend

The Board recommends the payment of a final dividend of RMB0.8 per share for the year ended 30 June 2009. This equates to 26.9% of adjusted earnings excluding biological gain for the year ended 30 June 2009 which the Board views as an appropriate payout to provide Shareholders with an attractive yield while leaving the Group with sufficient capital for further development.

Year ended 30 June 2008 compared to year ended 30 June 2007

Revenue

The Group's revenue from sales of oranges increased by approximately 9.9% to RMB527.0 million for the year ended 30 June 2008 compared to RMB479.7 million for the year ended 30 June 2007. This was contributed by an increase of approximately 7.6% in the Group's production from 121,091 tonnes to 130,308 tonnes of oranges combined with a 2.1% increase in average selling price of oranges from RMB3,962 per tonne for the year ended 30 June 2007 to approximately RMB4,044 per tonne for the year ended 30 June 2008.

The production yield from the Hepu Plantation increased approximately 2.3% to 120,189 tonnes of oranges for the year ended 30 June 2008 as compared to 117,439 tonnes for the year ended 30 June 2007. The Group's Xinfeng Plantation had its first commercial production yielding 10,119 tonnes of oranges for the year ended 30 June 2008, a significant increase of approximately 177.1% from the plantation's trial production of 3,652 tonnes for the year ended 30 June 2007.

The increase in selling prices was contributed by the increase in demand of the oranges in the PRC as well as an increased portion of the Group's oranges were sold to supermarkets during the year ended 30 June 2008, which are generally offered at higher selling prices. For the year ended 30 June 2008, sales to supermarkets accounted for approximately 27.1% and 36.3% of the Group's production volume and revenue, respectively, as compared to approximately 23.0% and 31.1%, respectively, for the year ended 30 June 2007.

During the year ended 30 June 2008, Phase I of the Xinfeng Development was completed. Of the 238 units available for sales, 235 units (representing 98.7% of total units available for sales) with gross saleable area of 44,518 sq.m. have been sold for a total consideration of RMB90.9 million. Sale of properties is recognised upon the execution of a binding sale agreement or upon the issuance of a real estate title certificate by the relevant government authorities, whichever is the later. For the year ended 30 June 2008, real estate title certificates were issued for 23 units, therefore, approximately RMB6.8 million was recognised from the sales of the units of Phase I of the Xinfeng Development.

As a result of the above, the total revenue for the year ended 30 June 2008 increased by 11.3% to RMB533.8 million as compared to RMB479.7 million for the year ended 30 June 2007.

Net gain on change in fair value of biological assets

The Group recorded a gain of approximately RMB165.0 million from change in fair value of biological assets less estimated point-of-sale costs for the year ended 30 June 2008, compared to a gain of approximately RMB133.2 million for the year ended 30 June 2007. The increase was mainly due to the higher selling price of the oranges achieved by the Group and the increased maturity of orange trees in the Xinfeng Plantation.

Other income

Other income represented exchange gain recognised during the year. The Group did not recognise other income for the year ended 30 June 2008 as compared to RMB3.3 million for the year ended 30 June 2007 since the Group has recognised an exchange loss of RMB15.1 million for the year ended 30 June 2008 due to the increase in the value of the RMB against Hong Kong Dollar during the year and some of the Group's cash balances were maintained in Hong Kong Dollars which was accounted for as other operating expenses for the year ended 30 June 2008.

Inventories used

The Group's inventories used increased by approximately 30.8% from RMB122.5 million for the year ended 30 June 2007 to RMB160.2 million for the year ended 30 June 2008. Inventories used for production increased by approximately 3.9% from RMB112.9 million for the year ended 30 June 2007 to RMB117.3 million for the year ended 30 June 2008 due to the increase in the Group's production volumes for the same year. Inventories used for general and administrative purpose increased by approximately 352.6% from RMB9.5 million for the year ended 30 June 2007 to RMB43.0 million for the year ended 30 June 2008. The increase was due mainly to the increase in number of infant trees at the Xinfeng Plantation to 1.2 million for the year ended 30 June 2008 from 0.8 million for the year ended 30 June 2007. Out of the 1.2 million infant trees, 400,000 infant trees are close to their fruit-bearing stage which required higher utilisation of fertilisers.

Staff costs

The Group's staff costs increased by approximately 7.4% from approximately RMB35.0 million for the year ended 30 June 2007 to RMB37.6 million for the year ended 30 June 2008. The increase in staff costs was due mainly to wage increase and increased numbers in workforce.

Amortisation

The Group's amortisation comprises amortisation of land use rights and amortisation of deferred development costs. Amortisation increased slightly by approximately 6.1% from RMB3.3 million for the year ended 30 June 2007 to RMB3.5 million for the year ended 30 June 2008.

Depreciation

The Group's depreciation increased by approximately 99.2% from RMB24.3 million for the year ended 30 June 2007 to RMB48.4 million for the year ended 30 June 2008. The increase in depreciation was mainly due to the commencement of full operations at the Xinfeng Plantation which initiated the depreciation of the infrastructure and machinery at Xinfeng Plantation.

Other operating expenses

The Group's other operating expenses increased by approximately 55.0% from RMB55.4 million for the year ended 30 June 2007 to RMB85.9 million for the year ended 30 June 2008. The increase was mainly due to the followings:

- an increase of the other operating expenses for production purpose by approximately 137.5% from RMB5.6 million for the year ended 30 June 2007 to RMB13.3 million from the year ended 30 June 2008 due to the cost of the properties sold of Xinfeng Development amounting to RMB5.5 million and the general increase in production overheads resulted from the first year of full operation at the Xinfeng Plantation upon plantation of the entire 1.6 million orange trees;

- an increase of the other operating expenses for selling and distribution purpose by approximately 13.2% from RMB30.4 million for the year ended 30 June 2007 to RMB34.4 million for the year ended 30 June 2008 due to the increased sale activities in Xinfeng Plantation and higher transportation costs for the supermarket sales; and

- an increase of the other operating expenses for general and administrative purpose by approximately 96.9% from RMB19.4 million for the year ended 30 June 2007 to RMB38.2 million for the year ended 30 June 2008 due to the exchange loss of RMB 15.1 million resulted from the appreciation of the RMB against Hong Kong Dollars as some of the Group's cash balances were maintained in Hong Kong Dollars and the general increase in administrative expenses in Xinfeng Plantation resulting from its full year in operation upon plantation of the entire 1.6 million orange trees.

Cost of sales

The Group's cost of sales of oranges increased by 13.9% from RMB148.6 million for the year ended 30 June 2007 to RMB169.3 million for the year ended 30 June 2008. The increase in cost of sales of oranges was primarily due to the increase in raw materials, such as fertilisers, utilised for higher production volumes during the year as well as an increase in price of fertilisers during the year. In addition, the increase in production overheads, particularly depreciation in machinery and infrastructure, which resulted from the first year of full operation at the Xinfeng Plantation also contributed to the increase in cost of sales of oranges. The average unit cost of oranges increased to RMB1.30 per kg for the year ended 30 June 2008 from RMB1.23 per kg for the year ended 30 June 2007.

The cost of sales of properties was RMB5.5 million for the year ended 30 June 2008 as compared to nil for the year ended 30 June 2007.

As a result of the above, the Group's total cost of sales increased by approximately 17.6% from RMB148.6 million for the year ended 30 June 2007 to RMB174.7 million for the year ended 30 June 2008.

Gross profit margin

The gross profit margin on the sales of oranges decreased slightly from approximately 69.0% for the year ended 30 June 2007 to approximately 67.9% for the year ended 30 June 2008 mainly due to the increase in fertiliser costs.

Interest income

Interest income increased by approximately 125.8% from RMB2.6 million for the year ended 30 June 2007 to RMB6.0 million for the year ended 30 June 2008. This increase was due mainly to a higher amount of bank deposits.

Finance costs

Finance costs decreased by approximately 99.7% from RMB4.4 million for the year ended 30 June 2007 to RMB0.1 million for the year ended 30 June 2008. For the year ended 30 June 2007, the financial costs mainly comprised the interest expenses associated with the convertible bonds issued to Metage Funds Limited and Metage Special Emerging Markets Funds Limited of RMB4.4 million. Since all the convertible bonds were fully converted into new Shares of HK$0.10 each during the year ended 30 June 2007, no such interest expense was incurred for the year ended 30 June 2008. As a result, the finance costs for the year ended 30 June 2008 decreased significantly as compared to the year ended 30 June 2007.

Share of loss of associates

The Company is interested in 46% equity interest in both Asian Fruits and Asian Fruits Trading, which are accounted for as associates of the Group. Asian Fruits Trading is a wholly-owned subsidiary of Asian Fruits. Both Asian Fruits and Asian Fruits Trading are currently dormant. The share of loss of associates increased from RMB14,000 for the year ended 30 June 2007 to RMB1.4 million for the year ended 30 June 2008. This increase was due mainly to the writing off of bad debts in the amount of approximately RMB3.0 million in Asian Fruits.

Profit before income tax

The Group's profit before income tax decreased by approximately 1.7% from RMB374.0 million for the year ended 30 June 2007 to RMB367.7 million for the year ended 30 June 2008. The decrease was the combined result of the factors discussed above.

Income tax

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law, enterprise engaged in the planting of fruits (such as oranges) are exempt from enterprise income tax with effect from 1 January 2008. This resulted in an one-off tax credit from the reversal of net deferred tax liabilities of RMB42.9 million during the year ended 30 June 2008. As such, the Group has recognised a tax credit of RMB 31.6 million for the year ended 30 June 2008 as oppose to a tax expense of RMB55.3 million for the year ended 30 June 2007.

Profit for the year attributable to shareholders

The profit for the year attributable to shareholders for the year ended 30 June 2008 increased to approximately RMB399.3 million, representing an increase of 25.3% as compared to the year ended 30 June 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Group currently funds its operations with sales revenue from its operating activities. As at 30 June 2007, 2008 and 2009, cash and cash equivalents were RMB344.5 million, RMB310.0 million and RMB461.2 million, respectively.

The following table sets forth cash flows with respect to operating activities, investing activities and financing activities for the years ended 30 June 2007, 2008 and 2009:

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	214,275	228,341	278,989
Net cash used in investing activities	(198,558)	(218,472)	(114,664)
Net cash generated from/(used in) financing activities	225,622	(44,430)	(13,036)
Net increase/(decrease) in cash and cash equivalents	241,339	(34,561)	151,289

Net cash generated from operating activities

The Group derives the net cash inflow from operating activities primarily through the receipt of payment for the sale of produce. The cash outflow from operating activities is used primarily for raw material purchases, payment of utilities, selling and distribution costs, administrative expense and staff costs.

The net cash flow generated from operating activities reflects the profit before income tax, as adjusted for non-cash items, such as depreciation, amortisation, share-based payments, change in fair value of biological assets, and the effects of changes in working capital, such as increases or decreases in trade and other receivables and trade and other payables.

For the year ended 30 June 2009, net cash generated from operating activities was RMB279.0 million mainly as a result of a profit before income tax of RMB442.3 million, as adjusted for non-cash items such as depreciation of RMB61.4 million, amortisation of RMB4.6 million, share-based payments of RMB9.0 million and net gain on change in fair value of biological assets of RMB210.6 million, and the effects of changes in working capital such as an increase in current portion of biological assets of RMB37.9 million, an increase in trade and other receivables of RMB4.1 million and a decrease of trade and other payables of RMB7.4 million partially offset by a decrease of properties for sale of RMB20.2 million and the payment of income tax of RMB0.8 million.

The increase in current portion of biological assets represent increased production and direct costs in the Xinfeng Plantation prior to harvest. The increase in trade and other receivables was primarily due to (i) the prepayment of rental expenses of RMB4.7 million in Hunan Plantation; and (ii) the deposits paid of RMB2.8 million for the professional fee regarding the Listing. The decrease in trade and other payables was primarily due to certain deposits received for the Xinfeng Development was recognised as revenue during the year. The decrease of properties for sale was primarily due to the transfer of the construction costs to cost of sales as a result of the revenue recognised from the sales of wholesale units of Xinfeng Development.

For the year ended 30 June 2008, net cash generated from operating activities was RMB228.3 million mainly as a result of a profit before income tax of RMB367.7 million, as adjusted for non-cash items such as depreciation of RMB50.2 million, amortisation of RMB3.4 million, share-based payments of RMB6.9 million and net gain on change in fair value of biological assets of RMB165.0 million, and the effects of changes in working capital such as the increase in trade and other payables of RMB37.4 million partially offset by an increase in properties for sale of RMB10.2 million, an increase in current portion of biological assets of RMB9.1 million and an increase in trade and other receivables of RMB5.6 million and the payment of income tax of RMB42.7 million.

The increase in trade and other payables was primarily due to a higher amount of purchases associated with the higher production volume and certain deposits received for the Xinfeng Development. The increase in properties for sale was primarily due to construction costs incurred for the Xinfeng Development. The increase in current portion of biological assets represent increased production and direct costs in the Xinfeng Plantation prior to harvest. The increase in trade and other receivables was primarily due to (i) the higher amount of sales associated with the higher production volume; (ii) receivables from sales of properties which amounted to approximately RMB2.5 million; and (iii) deposits for construction of roads and other public facilities which amounted to approximately RMB3.0 million.

For the year ended 30 June 2007, net cash generated from operating activities was RMB214.3 million mainly as a result of a profit before income tax of RMB374.0 million, as adjusted for non-cash items such as depreciation of RMB26.2 million, amortisation of RMB3.3 million, share-based payments of RMB8.4 million and net gain on change in fair value of biological assets of RMB133.2 million, and the effects of changes in working capital such as an increase in properties for sale of RMB17.1 million and an increase in biological assets of RMB7.7 million and the payment of income tax of RMB38.6 million.

The increase in properties for sale was primarily due to construction costs incurred for the Xinfeng Development. The increase in current portion of biological assets was primarily due to net increase due to the cultivation in Xinfeng Plantation.

Net cash used in investing activities

The Group's cash inflow from investing activities primarily consists of interest income. The cash outflow from investing activities primarily consists of purchase of property, plant and equipment, additions to construction-in-progress, biological assets and deferred development costs.

For the year ended 30 June 2009, the net cash used in investing activities was RMB114.7 million, primarily as a result of additions to construction-in-progress of RMB97.0 million, additions to deferred development costs of RMB11.5 million, purchase of property, plant and equipment of RMB8.6 million, net increase in biological assets of RMB0.2 million, and partially offset by interest income of RMB2.1 million and proceeds from disposal of property, plant and equipment of RMB0.6 million. The additions to construction-in-progress and property, plant and equipment represented mainly construction costs incurred for our plantations in terms of soil improvement, farmland infrastructure and construction of new office premises. The additions to deferred development costs represented costs incurred for the various development projects. The net increase to biological assets represented the net additions of self-bred saplings.

For the year ended 30 June 2008, the net cash used in investing activities was RMB218.5 million, primarily as a result of additions to construction-in-progress of RMB207.0 million, additions to deferred development costs of RMB13.0 million, purchase of property, plant and equipment of RMB3.8 million, additions to biological assets of RMB0.7 million, and partially offset by interest income of RMB6.0 million. The additions to construction-in-progress represented mainly construction costs incurred for the Xinfeng Plantation and the Hepu Plantation in terms of soil improvement, farmland infrastructure and construction of new office premises. The additions to deferred development costs represented costs incurred for the various development projects. The additions to biological assets represented addition of self-bred saplings. Purchase of property, plant and equipment was mainly for purchase of motor vehicles.

For the year ended 30 June 2007, the net cash used in investing activities was approximately RMB198.6 million, primarily as a result of additions to construction-in-progress of RMB191.1 million, additions to biological assets of RMB4.1 million, additions to deferred development costs of RMB3.5 million, purchase of property, plant and equipment of RMB2.4 million, and partially offset by interest income of RMB2.6 million. The additions to construction-in-progress represented mainly construction costs incurred for the Xinfeng Plantation and the Hepu Plantation in terms of soil improvement, farmland infrastructure and construction of new office premises. The additions to biological assets represented costs of the infant trees planted in the Xinfeng Plantation. The additions to deferred development costs represented costs incurred for the various development projects. Purchase of property, plant and equipment was mainly for purchase of motor vehicles.

Net cash generated from/(used in) financing activities

For the year ended 30 June 2009, net cash used in financing activities was RMB13.0 million, primarily due to the payment of cash dividends for the year ended 30 June 2008.

For the year ended 30 June 2008, net cash used in financing activities was RMB44.4 million, primarily as a result of payment of dividends of RMB50.4 million and partially reduced by the proceeds of RMB5.1 million from the issue of new Shares upon exercise of share options.

For the year ended 30 June 2007, net cash generated from financing activities was RMB225.6 million, primarily as a result of the proceeds of RMB300 million from the issue of new Shares and proceeds received from the issue of new Shares upon exercise of share options of RMB1.9 million and offset by the issue cost of RMB37.6 million and dividend paid of RMB38.7 million.

Working capital

The Group finances its working capital needs principally from net cash flows generated from its operating activities. The Directors are of the opinion that, taking into account its internally generated funds, the Group has sufficient working capital to satisfy its present requirements and for at least the next 12 months from the date of this document.

Inventory

The inventories of the Group consist of raw materials, which mainly include, fertilisers, pesticides and packaging material. Oranges are usually collected by or delivered to the Group's customers once they are harvested or after they are processed and packaged which is normally between March and May for Summer and Oranges and October to December for Winter Oranges. During the Track Record Period, all harvested oranges were sold to the Group's customers before the respective year end, as such the Group does not have oranges in its inventory balance as at 30 June 2007, 2008 and 2009.

Since most of the raw materials are normally readily available from the suppliers and the raw materials are usually delivered to the plantations within 1 to 3 days from the time of order, the Group is able to maintain a very low inventory level. The inventory balance as at 30 June 2007, 2008 and 2009 was approximately RMB1.6 million, RMB 1.5 million and RMB0.6 million, respectively. The pattern of consecutive decline was due to the improvement in the Group's management and inventory control system. The inventory level of the Group is closely monitored by the members of its senior management who are responsible for supervising the cultivation and harvesting of oranges at each plantation. The Plantation Department is responsible for monitoring the purchase and usage of raw materials. The supervisor of each zone is responsible for liaising with the warehouse manager and monitoring the requirements for his zone and will complete a specified form to order further raw materials when necessary.

Trade and other receivables

The Group does not have any trade receivable for sale of oranges as at 30 June 2007, 2008 and 2009. The trade receivables represent receivables from the sale of properties in Xinfeng Development.

Other receivables consist of land deposits paid for acquiring land use rights in Zigui, deposits paid for the construction of roads and other public facilities, advances and deposits paid for the Xinfeng Development and prepayment of construction costs for the development of roads and other public facilities in Hunan Plantation.

The following table sets forth the trade and other receivables as at the balance sheet dates indicated.

	As at 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	2,498	2,311
Other receivables	14,324	17,399	12,590
	14,324	19,897	14,901

The Group did not have any trade receivables balances as at 30 June 2007 since Phase I of the Xinfeng Development was completed and the Group started to sell the units during the year ended 30 June 2008. The trade receivables as at 30 June 2009 was RMB2.3 million as compared to RMB2.5 million as at 30 June 2008.

Other receivables increased by RMB3.1 million, or approximately 21.7%, from RMB14.3 million as at 30 June 2007 to RMB17.4 million as at 30 June 2008 due to the prepayment of construction costs for the development of roads and other public facilities in Hunan Plantation.

Other receivables decreased by RMB4.8 million, or approximately 27.6%, from RMB17.4 million as at 30 June 2008 to RMB12.6 million as at 30 June 2009 due to the transfer of the land deposits paid of RMB9.1 million for acquiring land use rights in Zigui to land use rights and the transfer of the prepayment of construction costs for development of roads and other public facilities in Hunan Plantation to construction-in-progress of RMB3.2 million but partially offset by the deposits paid of RMB2.8 million for the professional fee regarding the Listing and the prepayment of rental expenses of RMB4.7 million in Hunan Plantation.

The table below sets forth an aging analysis of trade receivables as of the balance sheet dates indicated.

	As at 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	—	2,498	1,544
Less than 1 month past due	—	—	493
1 to 3 months past due	—	—	274
	—	2,498	2,311

The following table sets out the average trade receivables turnover days for the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June		
	2007	**2008**	**2009**
Average trade receivables turnover days	nil	0.9	1.3

Trade and other payables and due to a related party

Trade and other payables

Trade payables represent amounts payable in connection with the purchase of agricultural materials, including fertilisers and pesticides, and packaging materials for oranges. Other payables represent accrued audit fees, deposits received from the pre-sale of units of Xinfeng Development and accrued construction costs for Xinfeng Development.

	As at 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	6,910	8,570	14,786
Other payables	11,835	47,596	33,949
	18,745	56,166	48,735

Trade payables increased by RMB1.7 million, or approximately 24.6%, from RMB6.9 million as at 30 June 2007 to RMB8.6 million as at 30 June 2008 was mainly due to increase of raw material purchased for higher production volume.

Trade payables increased by RMB6.2 million, or approximately 72.1%, from RMB8.6 million as at 30 June 2008 to RMB14.8 million as at 30 June 2009 due to increase of raw material purchased for higher production volume.

Other payables increased by RMB35.8 million, or approximately 303.4%, from RMB11.8 million as at 30 June 2007 to RMB47.6 million as at 30 June 2008 was mainly due to the receipt of the deposits of approximately RMB38.4 million for the pre-sale of units of Xinfeng Development.

Other payables decreased by RMB13.7 million, or approximately 28.8%, from RMB47.6 million as at 30 June 2008 to RMB33.9 million as at 30 June 2009 due to certain deposits received for the Xinfeng Development amounting to RMB14.4 million was recognised as revenue during the year.

Due to a related party

Due to a related party represent amount due to Fujian Chaoda Group for the supply of fertilisers amounted to RMB2.6 million, RMB1.8 million and RMB2.8 million as at 30 June 2007, 2008 and 2009, respectively.

The Group's payables are generally due within 30 days.

The following table sets out the average trade payables turnover (including amount due to a related party) days for the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June		
	2007	**2008**	**2009**
Average trade payables turnover days	24.1	20.8	19.6

ANALYSIS ON CERTAIN BALANCE SHEET ITEMS

Construction-in-progress

The Group's construction-in-progress represents farmland infrastructure and soil improvement under construction amounted to approximately RMB150.9 million, RMB120.5 million and RMB79.0 million as at 30 June 2007, 2008 and 2009, respectively. The reduction in the construction-in-progress of RMB30.4 million as at 30 June 2008 as compared to 30 June 2007 was contributed by a combination of (i) addition of RMB207.0 million as a result of farmland infrastructure and soil improvement under construction in Hepu Plantation and Xinfeng Plantation, as well as the renovation of the office building in Hepu; and (ii) transfer of RMB237.4 million to property, plant and equipment upon completion of certain projects in the plantations. The decrease in construction-in-progress of RMB41.5 million as at 30 June 2009 as compared to 30 June 2008 was due to (i) addition of RMB97.0 million as a result of farmland infrastructure and soil improvement under construction in Hepu Plantation, Xinfeng Plantation and Hunan Plantation; and (ii) the transfer of RMB138.5 million to property, plant and equipment upon completion of certain projects in the plantations.

Property, plant and equipment

The Group's property, plant and equipment consist of buildings, leasehold improvements, furniture, fixtures and equipment, motor vehicles and farmland infrastructure and machinery with a total carrying amount of RMB812.5 million, RMB999.2 million and RMB1,083.8 million as at 30 June 2007, 2008 and 2009, respectively. The increase in property, plant and equipment was mainly contributed by the reclassification and transferral of RMB237.4 million and RMB138.5 million during the years ended 30 June 2008 and 2009 respectively from construction-in-progress upon completion of the construction projects during the same period.

The construction and improvement works of the Group's plantation involve soil and land improvement for organic farming, road, water and electricity supply facilities and nursery center. The following table sets forth the Group's farmland, infrastructure and machinery as at 30 June 2007, 2008 and 2009.

	As at 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Soil improvement	153,668	244,096	235,400
Infant tree cultivation	202,900	211,959	206,446
Green manure cultivation	18,864	102,908	193,396
Land cultivation	170,070	164,513	171,531
Irrigation system	70,476	87,593	79,262
Roads	36,199	34,814	39,060
Power supply facilities	31,194	29,651	28,108
Land clearing cost	26,965	26,049	27,682
Wind break forests	23,443	22,463	27,338
Land levelling	31,717	26,668	26,033
Bridges	11,788	11,425	11,061
Green house	11,119	10,278	10,153
Other plant and machinery	8,641	9,523	7,832
Total	797,044	981,940	1,063,302

Biological assets

The Group's biological assets comprise orange trees, infant trees, immature seedlings and self-bred saplings. The role of orange trees is to supply oranges through the growth process in each production cycle. The infant trees, immature seedlings and self-bred saplings are held for their future potential as fruit-bearing orange trees. Both the infant trees, immature seedlings and self-bred saplings undergo significant biological transformation before they begin producing oranges.

Biological assets are stated at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value. Since all harvested oranges were sold before each of the balance sheet date during the Track Record Period, the changes in fair value of agricultural produce recognised at the point of harvest were included as revenue of the Group prior to each balance sheet date.

See "Factors Affecting Results of Operations — Change in fair value of plantation assets less estimated point-of-sale costs" and "Critical Accounting Policies and Estimates — Fair value of biological assets less estimated point-of-sale costs" above for further details.

As at 30 June 2007, 2008 and 2009, the Group has two operational orange plantations in the PRC occupying in total approximately 102,000 mu (equivalent to approximately 67.3 sq.km.) of land, with approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu county of the Guangxi Zhuang Autonomous Region, the Hepu Plantation, and approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) in the Xinfeng county of the Jiangxi province, the Xinfeng Plantation. As at 30 June 2007, 2008 and 2009, the Group had approximately 2.9 million, 2.9 million and 2.9 million oranges trees, of which approximately 1.6 million, 1.5 million and 2.0 million had reached their orange-bearing age produced in aggregate 121,091 tonnes, 130,308 tonnes and 152,059 tonnes oranges during the same period.

As at 30 June 2007, 2008 and 2009, the Group had biological assets of RMB773.2 million, RMB948.0 million and RMB1,196.7 million, respectively.

The biological assets increased by RMB174.8 million, or approximately 22.6%, from RMB773.2 million as at 30 June 2007 to RMB948.0 million as at 30 June 2008 due to an additional of self-bred saplings of RMB0.7 million, net increase in orange trees due to cultivation of RMB9.1 million, gain on change in fair value due to price, yield, maturity and cost changes of RMB210.2 million, offset by decrease in fair value due to replanting program of RMB45.2 million.

The biological assets increased by RMB248.7 million, or approximately 26.2%, from RMB948.0 million as at 30 June 2008 to RMB1,196.7 million as at 30 June 2009 mainly due to net increase in orange trees due to cultivation of RMB37.9 million, net change in fair value of RMB274.2 million, offset by a decrease in value due to replanting program RMB63.6 million.

INDEBTEDNESS

The Group has no outstanding indebtedness as at 30 June 2009. As at 30 September 2009, being the latest practicable date for determining indebtedness, the Group had no outstanding indebtedness or banking facilities.

Contingent liabilities may arise in the ordinary and usual course of the Group's business from the bringing of legal proceedings and claims and from the adoption of new PRC laws and regulations. As at 30 September 2009, the Group is not involved in any legal proceedings and did not have any off-balance sheet arrangement or any material contingent liabilities.

Save as disclosed in this section and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 September 2009, being the latest practicable date for determining indebtedness, the Group did not have other outstanding indebtedness, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

As at 30 September 2009, the Group's net current assets were approximately RMB478.8 million, comprising the following:

	As at 30 September 2009
	RMB'000 *(unaudited)*
Current assets	
Biological assets	134,795
Properties for sale	32,799
Inventories	1,146
Trade and other receivables	20,601
Cash and cash equivalents	343,589
Total current assets	532,930
Current liabilities	
Trade and other payables	53,521
Income tax payable	594
Total current liabilities	54,115
Net current assets	478,815

Capital expenditures

The Group's capital expenditures for the years ended 30 June 2007, 2008 and 2009 have been directed primarily toward the development and enhancement of its plantations in order to bring them to their existing status. These construction and improvement works involve soil and land improvement for organic farming, road, water and electricity supply facilities and nursery center.

The following table sets forth the Group's capital expenditures for the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Purchases of property, plant and equipment	2,425	3,775	8,596
Additions to construction-in-progress	191,140	206,981	97,040
Net increase to biological assets	4,142	698	227
Additions to deferred development costs	3,500	13,000	11,500
Total	201,207	224,454	117,363

The following table sets out the Group's capital expenditures in each of its plantation for the years ended 30 June 2007, 2008 and 2009.

	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Hepu Plantation	28,472	122,086	63,261
Xinfeng Plantation	168,749	88,932	33,940
Hunan Plantation	—	531	15,108
Total	197,221	211,549	112,309

The Group is generally able to use the net cash flow from its operating activities to fund its capital expenditures. The Group expects that its capital expenditures will amount to RMB131.7 million and RMB184.4 million for the years ending 30 June 2010 and 2011, respectively, and plans to finance its capital expenditure requirements for the years ending 30 June 2010 and 2011 primarily with cash generated from its operations and internal cash resources.

Capital and other commitments

The following table represents the Group's capital and other commitments to make future payments under contracts and commitments as at 30 June 2007, 2008 and 2009.

	As at 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
Construction-in-progress	8,469	32,180	26,678
Properties under development for sale	12,675	—	—
Research and development	3,000	7,000	15,100
Total	24,144	39,180	41,778

The Group experienced a significant increase in its capital commitments as of 30 June 2008 primarily because of the construction of the organic farming settings in its plantations.

The Group experienced an increase in its capital commitments as of 30 June 2009 primarily because of the construction of the infrastructure in Hunan Plantation and the Group's office building in Hepu.

Operating lease commitments

As at 30 June 2007, 2008 and 2009, the Group's operating lease commitments under non-cancellable operating leases are as follows:

	As at 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	6,573	6,694	5,957
In the second to fifth years inclusive	25,072	25,205	24,732
After five years	241,060	240,462	272,395
Total	272,705	272,361	303,084

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

MARKET RISKS

The Group is exposed to various types of market risks in the conduct of its business and the business environment in which the Group operates. While the Group's exposure to interest rate or customer credit risk is minimal, the Group is subject to price, liquidity, currency, and natural risks arising in the regular course of its business. Generally, the Group's overall objective is to ensure that it understands, measures and monitors the risks and takes appropriate actions to minimise its exposure to such risks. The Group's policies for managing each of these risks are described below.

Price risk

The Group is exposed to fluctuations in orange prices, which are dictated by demand and supply cycles of the orange industry. Orange price movements may significantly impact the Group's earnings, cash flows, as well as the value of its biological assets. During the years ended 30 June 2007, 2008 and 2009, the Group did not experience any significant price fluctuations. Based on the review of price trends in the past, the Group believes that orange prices will continue to rise due to demand in the PRC for oranges. The Group manages price risk by monitoring publicly available information about PRC orange prices, in tandem with the Group's other risk management policies as described below.

Liquidity risk

The Group has adopted liquidity risk management practices to maintain sufficient liquidity for its operations. During the years ended 30 June 2007, 2008 and 2009, the Group has maintained a relatively conservative approach to maintaining liquidity by funding its operations solely with cash from its operations, requiring all of its customers (other than supermarket customers) to pay in full on delivery or collection of their orange purchases. The cash from the Group's operations is deposited in interest-bearing savings accounts rather than investing them in risk-bearing instruments.

Currency risk

The Group is exposed to currency risk primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to risk are primarily Hong Kong Dollars, US Dollars and Pounds.

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

Natural risk

The Group's revenue depends on its ability to harvest oranges to meet customer orders. Therefore, the Group is exposed to external factors, whether man-made or natural, that may damage its orange plantations or impede its access to them, such as weather conditions, natural disasters, pests and environmental pollution. The Group address natural risks by having plantation insurance that will cover up to an aggregate of approximately RMB1,122 million which is arrived on an arm's length basis after taking into account the likelihood of damage to the plantations.

NET TANGIBLE ASSETS

The following statement shows the consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2009 as extracted from the Accountants' Report, the text of which is set out in Appendix I to this document.

	RMB'000
Audited consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2009	2,874,623
	RMB
Audited net tangible asset value per Share	37.3

Note: The audited net tangible asset value per Share is calculated on the basis of 77,055,980 (then shares of HK$0.10 each) Shares in issue and outstanding as at 30 June 2009.

DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Board and any final dividend for the year is subject to the recommendation of the Board and approval of the Shareholders. The Directors may recommend dividends in the future after taking into account the Group's operations, earnings, financial conditions, cash requirements and availability and other factors as they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the Bye-laws, including the approval of its Shareholders (in the case of final dividends). Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

Future dividend payments will also depend upon the availability of dividends received from the Group's subsidiaries in the PRC. As the amount of retained profits available for declaration of dividends as at 30 June 2009 in respect of members of the Group outside the PRC was approximately RMB615 million (being the retained profits that were accumulated in members of the Group outside the PRC before 31 December 2007) and the dividends declared for the year ended 30 June 2009 was approximately RMB61.6 million, the Directors consider that the amount of retained profits available for declaration of dividends would be sufficient for the purposes of declaring dividends over the next five years and therefore the Directors does not expect its PRC subsidiaries to declare dividends from the retained profits accumulated after 31 December 2007 in the foreseeable future. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Group's subsidiaries may also be restricted if they incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Group or its subsidiaries and associated companies may enter into in the future.

DISTRIBUTABLE RESERVES

As at 30 June 2009, the Company had share premium and retained profits of RMB550.8 million and RMB93.8 million, respectively, available for distribution to the Shareholders.

PROPERTY INTERESTS

Vigers, an independent property valuer, has valued the Group's property interests as at 30 September 2009 at approximately RMB149.1 million. The full text of the letter, summary valuation relating and valuation certificates are set out in Appendix II to this document.

A reconciliation of the net book value of the relevant property interests as at 30 June 2009 to their fair value as at 30 September 2009 as stated in Appendix IV to this document:

	RMB'000
Net book value of the properties as at 30 June 2009	102,237
Movements for the three months ended 30 September 2009	
- Additions	275
- Sales	(1,327)
- Depreciation and amortisation	(421)
Net carry value as of 30 September 2009	100,764
Valuation as at 30 September 2009 as per Appendix II to this document	149,120
Surplus	48,356

NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or the prospects of the Group since 30 June 2009, the date to which the latest audited financial statements of the Group were made up.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that as at the Latest Practicable Date there are no circumstances which give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

The Group will continue to grow its business by focusing on increasing its sale of oranges to supermarkets in the PRC which will enable the Group to achieve a higher profit margin. The Directors consider that expanding the sales network to supermarkets will also widen the exposure and recognition of the Group's brand to consumers across the PRC.

In order to meet the customer demands of oranges in the PRC, the Group will continue to increase its production capacity. This involves construction of Hunan Plantation to cultivate new oranges trees, replacing existing trees with higher yielding species of oranges and utilising the Group's research and development capabilities to further develop new spices of oranges that have higher yield. The Group will also explore opportunities to source oranges from third parties in order to increase the oranges available for sale as well as to reduce cultivation risk.

While focusing on the cultivation of oranges in the PRC, the Group also intends to explore new vertical markets in order to create additional sources of income including the development of nursery business.

When market opportunities present themselves, the Directors also intend to develop its own orange juicing business and health supplement products derived from orange peels or other by-products of oranges to maximise the Group's profits.

As a preliminary step to determine the feasibility of the orange juicing business, Lucky Team (Hepu) entered into an orange research project agreement on 11 March 2008 with the Guangdong Bao Sang Yuan Health Food Research Centre (廣東寶桑園健康食品研究發展中心) to commence research, testing and development of orange juice for a duration of six months commencing from 11 March 2008 to 11 September 2008. A research fee of RMB300,000 was paid by Lucky Team (Hepu) to the Guangdong Bao Sang Yuan Health Food Research Centre on 19 March 2008. According to information from public sources available to the Group, Guangdong Baosangyuan Health Food Research Centre is a comprehensive export enterprise with its business ranging from the fields of science, agriculture, industry and commerce. The centre currently owns more than 380 hectares of mulberry base with an annual mulberry juice output of 4,000 tonnes. The production process undergoes the stringent requirement for organic food and food production and is regulated by the ISO9001 international quality management system and Hazard Analysis and Critical Control Point (HACCP) food hygiene safety management system.

A report was issued to the Group around October 2008 which included (i) a detailed proposal of an orange juice production line; (ii) analysis on the taste of different mixtures and blends of orange juice; (iii) a research on the nutritional value of freshly squeezed and processed orange juice together with a survey on preferences of orange juice; (iv) analysis on preservatives and the storage/shelf life of orange juice, among other things.

In relation to health supplement products derived from orange peels, the Company entered into an agreement on 15 May 2007 for research and development services for a duration of one year with Nano and Advanced Materials Institute Limited to develop an extraction method of the essence of orange from the orange peel. The Company paid a total amount of HK$405,600 to Nano and Advanced Materials Institute Limited for the above services in May 2007. According to information from public sources available to the Company, Nano and Advanced Materials Institute Limited is hosted by the Hong Kong University of Science and Technology and was incorporated as a non-profit company in Hong Kong. In partnership with local industries, Nano and Advanced Materials Institute Limited conducts market-driven, demand-led development of nanotechnology and advanced materials.

A report was issued to the Company dated 9 July 2008 containing, among other things, results of different extraction methods of essence of oranges, a range of products that could be produced or enhanced by using the essence of orange and possible health benefits and future experiments that could be conducted to assess the degree of health benefits derived from essence of orange.

The Directors consider the results of the above research on orange juice and essence of orange to be very encouraging. However the Directors are still assessing the possible risks and rewards of commencing commercial production of such new products. The Directors believe that the Group could benefit from diversification of its products to reduce its reliance on one product and allow vertical integration to enhance the Group's profitability, however, the production of orange juice and health supplement products will also need to be weighed against the significant amount of capital expenditure, the market demand for the products, the recruitment of experienced personnel and the provision of training for employees.

The Directors are still in the process of assessing the feasibility of developing the orange juicing business and health supplemental products from orange peels. Save for having conducted preliminary research as described above, there are no specific plans at this stage to commence the orange juicing business or health supplement products.

Further details of the Group's future plans and strategies are set out in the paragraph headed "Strategies" under the "Business" section of this document.

POSSIBLE ISSUE WITHIN SIX MONTHS

The Company has applied to the Stock Exchange for, and the HKSE has granted, a waiver from strict compliance with the restrictions on further issue of securities within six months of Listing imposed under Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with the restrictions under Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by the Controlling Shareholders upon the issue of securities by the Company within the first six months of Listing. Please refer to the section headed "Waivers from Strict Compliance with Listing Rules — Issue of New Shares" in this document for further details of the waiver. In the event that the Company issues securities within the first six months of Listing to raise funds, the Company intends to apply the net proceeds of the issue of securities for the following purposes:

(i) to fund a specific acquisition or as part or full consideration for a specific acquisition; or

(ii) such acquisition must be for assets or business which will contribute to the growth of the Group's operation.

As the Shares will be issued only if and when the market and the circumstances are considered appropriate by the Board, the offer price for any new issue of Shares (other than on exercise of the Existing Share Options) cannot be ascertained or predicted at this stage. The Company will, in the event that it issues any new securities, announce further details and the use of the proceeds when available.

CONNECTED TRANSACTIONS

The Company has entered into a number of transactions with entities which will become Connected Persons upon Listing and such transactions will, upon completion of Listing, constitute continuing connected transactions of the Company under the Listing Rules.

Exempt continuing connected transactions

The following continuing connected transactions will constitute exempt continuing connected transactions for the Company under Rule 14A.33(3) of the Listing Rules and will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of the following transactions is undertaken on an arms-length basis and on normal commercial terms or terms more favourable to the Group and the percentage ratios (other than the profits ratio) of each of the following transactions on an annual basis is less than 0.1% or if more than 0.1% is less than 2.5% and the annual consideration is less than HK$1.0 million.

Tenancy agreement with Alpha Best Limited

Asian Citrus HK has entered into a tenancy agreement with Alpha Best Limited ("Alpha Best") which will, upon Listing, constitute an exempt continuing connected transaction of the Company. Alpha Best is a company incorporated in the BVI, the issued share capital of which is beneficially owned by the following persons:

Mr. Tong Wang Chow, Chairman and Chief Executive Officer	80%
Mr. Tong Hung Wai, Tommy, executive Director and son of Mr. Tong Wang Chow	5%
Ms. Tong Mei Lin, daughter of Mr. Tong Wang Chow	5%
Mrs. Tong Lee Fung Kiu, spouse of Mr. Tong Wang Chow	5%
Ms. Meylis Mediasari Chin, a cousin of Mrs. Tong Lee Fung Kiu	5%

Details of the tenancy agreement are as follows:

Lease of Rooms 1110 and 1112, Wayson Commercial Building, 28 Connaught Road West, Hong Kong ("Premises A")

Pursuant to a tenancy agreement entered into between Alpha Best and Asian Citrus HK dated 22 October 2009, Asian Citrus HK agreed to lease from Alpha Best Premises A for a term of one year commencing from 1 November 2009 to 31 October 2010 at a monthly rental of HK$18,040 for office use exclusive of management fee, rates and government rent. The monthly rental was determined with reference to the market rental price of similar premises in the vicinity.

Tenancy agreement with Pan Air and Sea Forwarders (HK) Limited

Asian Citrus HK has entered into a tenancy agreement with Pan Air and Sea Forwarders (HK) Limited ("Pan Air") which will, upon Listing, constitute an exempt continuing connected transaction of the Company. Pan Air is a company incorporated in Hong Kong, the issued share capital of which is beneficially owned by the following persons:

Mr. Tong Wang Chow, Chairman and Chief Executive Officer	90%
Mrs. Tong Lee Fung Kiu, spouse of Mr. Tong Wang Chow	5%
Mr. Tong Wang Shun, brother of Mr. Tong Wang Chow	5%

Details of the tenancy agreement are as follows:

Lease of Rooms 1107, 1109 and 1111, Wayson Commercial Building, 28 Connaught Road West, Hong Kong ("Premises B")

Pursuant to a tenancy agreement entered into between Pan Air and Asian Citrus HK dated 23 July 2009, Asian Citrus HK agreed to lease from Pan Air Premises B for a term of one year commencing from 1 August 2009 to 31 July 2010 at a monthly rental of HK$24,240 for office use exclusive of management fee, rates and government rent. The monthly rental was determined with reference to the market rental price of similar premises in the vicinity.

The above two transactions were made on normal commercial terms. On the basis that the aggregate amount of monthly rental payable by Asian Citrus HK under the above two tenancy agreements with Alpha Best and Pan Air is expected to be less than 0.1% of each of the percentage ratios (other than the profits ratio), each of the above two transactions constitutes de minimis continuing connected transactions which are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Non-exempt continuing connected transaction

The following continuing connected transaction will constitute non-exempt continuing connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.35(3) and 14A.35(4) of the Listing Rules.

Organic fertilisers supply agreement

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

Connected Person

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

Accordingly, Fujian Chaoda Group is an associate of Mr. Kwok and hence is a Connected Person of the Company.

Reasons for the transaction

The Group began to purchase organic fertilisers from Fujian Chaoda Group (through its wholly-owned subsidiaries) in 2001. Since then, the Group has expanded its business relationship with Fujian Chaoda Group as it has proven to be a stable and reliable supplier. The Directors consider that through the Fertilisers Supply Agreement, the Group can, on terms favourable to the Group, obtain a stable and reliable supply of organic fertilisers, which are important raw materials of the Group.

Historical transaction values

For the three years ended 30 June 2009, amounts paid to Fujian Chaoda Group (through its wholly-owned subsidiaries) in respect of the supply of organic fertilisers to the Group amounted to approximately RMB19,591,000, RMB33,435,000 and RMB47,330,000, respectively.

Expected increase in demand for organic fertilisers

The expected demand and increase in demand for the organic fertilisers of the Group for the three years ending 30 June 2010, 2011 and 2012 are set out below:

	Year ending on 30 June						
	2009	**2010**		**2011**		**2012**	
	(tonnes)	*(tonnes)*	*(% change from previous year)*	*(tonnes)*	*(% change from previous year)*	*(tonnes)*	*(% change from previous year)*
Hepu Plantation Base	8,753	10,068	15	12,080	20	14,496	20
Xinfeng Plantation Base	22,800	29,640	30	34,086	15	39,198	15
Hunan Plantation Base	—	—	N/A	3,500	N/A	7,000	100
Reserve/Inventory *(Note)*	—	1,986	N/A	2,484	25	3,034	22
Total:	31,553	41,694	32	52,150	25	63,728	22

Note: For the estimated usage of organic fertilisers for the three years ending 30 June 2010 to 2012, a reserve/inventory of organic fertilisers has been allocated for the years ending 30 June 2010 to 2012 in the event that the Group's demand for organic fertilisers exceeds the initial estimated amount. Therefore the reserve/inventory represents the projection of a 5% allowance for the variance of the expected usage of organic fertilisers in the plantations.

In the three years ending 30 June 2010, 2011 and 2012, the Hepu Plantation, which is a relatively mature development, is expected to engage in ongoing replanting programme and the Xinfeng Plantation is expected to increase its production volume significantly. The Hunan Plantation is relatively new and planting of infant trees is expected to take place in the second half of 2010, thus resulting in the significant increase in the demand for organic fertilisers for the Hunan Plantation as well as for the Group as a whole for the three years ending 30 June 2010, 2011 and 2012.

Estimated increase in selling price of organic fertilisers

The estimated selling price of organic fertilisers to be purchased by the Group for the three years ending 30 June 2010, 2011 and 2012 are set out below:

Years ending 30 June			
2009	**2010**	**2011**	**2012**
(RMB/tonne)	*(RMB/tonne)*	*(RMB/tonne)*	*(RMB/tonne)*
1,500	1,620	1,750	1,890

While the selling price of the organic fertilisers to be purchased by the Group at a particular point or during a particular period in time will be largely based on the supply and demand for the organic fertilisers in the market, it is estimated that the selling price of the organic fertilisers will be increased by 8% per annum which is in line with the general growth of GDP in the PRC. The estimated selling price of the organic fertilisers is therefore considered as fair and reasonable for calculating the relevant annual caps.

Annual Caps

The Directors estimate that the annual transaction amount for the supply of organic fertilisers under the Fertilisers Supply Agreement by Fujian Chaoda Group to the Group for the three years ending 30 June 2010, 2011 and 2012 will not exceed the annual caps of RMB67,542,000, RMB91,241,000 and RMB120,423,000, respectively.

In arriving at the above annual caps, the Directors have considered (i) the historical transaction amount for the supply of organic fertilisers by Fujian Chaoda Group (through its wholly-owned subsidiaries) to the Group during the Track Record Period; (ii) the expected increase in demand for organic fertilisers to be used by the Group for its business having taken into account the future expansion of the Group's existing or establishment of new plantation; and (iii) the estimated increase in the selling price of the organic fertilisers.

Given that the applicable percentage ratios in respect of the transaction contemplated under the Fertilisers Supply Agreement is more than 2.5%, the transaction contemplated under the Fertilisers Supply Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rules 14A.35(3) and (4) of the Listing Rules.

Application for waiver

The Directors (including the independent non-executive Directors) consider that the continuing connected transaction described in this section have been and shall be entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole. The Directors consider that strict compliance with the announcement and independent shareholders' approval requirements under the relevant Listing Rules will be impractical, unduly onerous and not of benefit to the Shareholders.

Accordingly, under Rule 14A.42(3) of the Listing Rules, the Company has applied to the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules at the time of Listing in respect of the transaction set out under the paragraph "Non-exempt continuing connected transaction" in this section.

The Company will comply with the applicable requirements under Chapter 14A of the Listing Rules as amended from time to time, including the annual caps.

The Directors (including the independent non-executive Directors) are of the view that the annual caps of the non-exempt continuing connected transaction as disclosed in this section are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from Sponsor

The Sponsor is of the view that (i) the non-exempt continuing connected transaction for which waiver is sought is on normal commercial terms, have been and will, in accordance with the terms of the Fertilisers Supply Agreement, be entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole; and (ii) the annual caps of the non-exempt continuing connected transaction are fair and reasonable and in the interests of the Shareholders as a whole.

Controlling Shareholders

The Group can carry on its business independent of and without reliance on the Controlling Shareholders after Listing for the following reasons.

Management Independence

As at the Latest Practicable Date, no executive Director has overlapping roles and responsibilities in any business operation other than the Group. Please refer to the section headed "Directors, Senior Management and Staff" for details of the expertise and experience of the Directors.

Operational Independence

Save as disclosed in the section headed "Connected Transactions" in this document, the Group has not entered into any connected transaction with any connected persons of the Group and has independent operation capabilities and independent access to customers.

Financial Independence

During the Track Record Period, no financial assistance had been provided by any connected person to any member of the Group nor the Group to any connected person. The Group has its own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing.

Non-competition undertaking

Each of Mr. Tong Wang Chow and Market Ahead (collectively, the "Covenantors"), the Controlling Shareholders, has confirmed that other than their interest in the Group, none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business. In accordance with the non-competition undertakings set out in the deed of non-competition dated 16 November 2009 (the "Deed of Non-competition"), each of the Covenantors has irrevocably agreed, undertaken to and covenanted with the Company (for itself and on behalf of its subsidiaries) that during the period commencing from the Listing Date and ending on the occurrence of the earliest of (i) the day on which the Shares cease to be listed on the Stock Exchange or another recognised stock exchange; (ii) the day on which the relevant Covenantor ceases to be interested in 30% or more of the entire issued share capital of the Company; and (iii) the day on which the relevant Covenantor beneficially owns or is interested in the entire issued share capital of the Company:

- they will not and they will procure that none of their spouse and children under the age of 18 and persons to whom the Covenantor provides financial assistance to set up and operate any business (the "Controlled Persons") or any companies controlled, whether directly or indirectly, by them (the "Controlled Companies") will, and they will use their best endeavours to procure that none of their associates or associated companies not controlled by them will, except through his/her/its/their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group as described in this document, and any other business from time to time conducted by any member of the Group or in which any member of the Group is engaged or has invested or which the Group has otherwise publicly announced its intention to enter into, engage in or invest in (the "Restricted Business") within any of the territories within the PRC where any member of the Group carries on business from time to time (the "Restricted Territories");

- if they and/or any of the Controlled Persons and/or any of the Controlled Companies is offered or becomes aware of any business opportunity directly or indirectly to engage or become interested in a Restricted Business in any of the Restricted Territories, he/she/it/they:

  — shall promptly notify the Company in writing and refer such business opportunity to the Company for consideration and provide such information as reasonably required by the Company in order to come to an informed assessment of such business opportunity; and

  — shall not and procure his/her/its/their Controlled Persons and/or Controlled Companies shall not, invest or participate in any project or business opportunity unless such project or business opportunity shall have been rejected by the Company and the principal terms on which the Covenantors or his/her/its/their Controlled Persons and/or Controlled Companies invest or participate are no more favourable than those made available to the Company.

The Covenantors have further irrevocably agreed, undertaken to and covenanted with the Company (for itself and on behalf of its subsidiaries) that they will not and they will procure that none of the Controlled Persons and/or the Controlled Companies will:

- at any time induce or attempt to induce any director, manager or employee or consultant of any member of the Group to terminate his or her employment or consultancy (as applicable) with the Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable); or

- at any time employ any person who has been a director, manager, employee of or consultant to any member of the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or

- alone or jointly with any other person through or as manager, adviser, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of the Group, canvass, or solicit or accept orders from or do business with any person with whom any member of the Group has done business or solicit or persuade any person who has dealt with the Group or is in the process of negotiating with the Group in relation to the Restricted Business to cease to deal with the Group or reduce the amount of business which the person would normally do with the Group or seek to improve their terms of trade with any member of the Group.

The decision-making process in relation to the Deed of Non-competition will be governed and monitored as follows:

- the independent non-executive Directors will be responsible for deciding, without attendance by any executive Director (except as invited by the independent non-executive Directors to assist them), whether or not to take up a new business opportunity referred to the Group under the terms of the Deed of Non-competition;
- the independent non-executive Directors may employ an independent financial adviser as they consider necessary to advise them on the terms of any such new business opportunity or the options;
- the Covenantors will undertake to keep the Company informed of new business opportunities and to provide all information reasonably required by the independent non-executive Directors to assist them in their consideration of any new business opportunity; and
- the independent non-executive Directors will also review, on an annual basis, any decisions in relation to new business opportunities referred to the Company and state their views with basis and reasons in the annual report of the Company.

In the event that the Company decides not to proceed with any particular projects or business opportunities and that any of the Covenantors or his/her/its/their Controlled Persons and/or Controlled Companies decides to proceed with such a project or business opportunity, the Company will announce such decision by way of an announcement setting out therein the basis for the Company not taking the project or the business opportunity.

COMPLIANCE ADVISER

The Company has appointed Partners Capital International Limited as its compliance adviser for the purposes of Rule 3A.19 of the Listing Rules to provide advisory services to the Company pursuant to the requirements thereunder. Partners Capital International Limited will, inter alia, provide advice to the Company with due care and skill and impartiality when consulted by the Company in the following circumstances:

- before the publication by the Company of any regulatory announcement (whether required by the Listing Rules or requested by the HKSE or otherwise), circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated by the Group including share issues and share repurchases;
- where the business activities, developments or results of the Group deviate from any forecast, estimate, or other information in this document; and
- where the HKSE makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

In addition, Partners Capital International Limited will provide, inter alia, the following services to the Company:

- if required by the HKSE or upon receiving reasonable prior written notice from the Company, deal with the HKSE in respect of any or all matters listed in the foregoing paragraph above;
- in relation to an application by the Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise the Company on its obligations and in particular the requirement to appoint an independent financial adviser; and
- assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as directors of a listed issuer and, to the extent Partners Capital International Limited forms an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps such as training.

The term of the appointment will commence on the Listing Date and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

LISTINGS

The Shares are currently admitted to trading on AIM and on the PLUS Market. The Company aims to also list its Shares on the HKSE. Application has been made to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and the exercise of any options which may be granted under the Post Listing Share Option Scheme.

English Dealings and CREST

The existing Shares have been admitted to trading on AIM since 3 August 2005. Trading on AIM is executed in Pounds. The Shares have also been admitted to trading on the PLUS Market since 23 May 2008. The existing Shares are issued in registered form. The Shares are not capable of admission to CREST.

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer.

Securities issued by companies incorporated in Bermuda, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through the CREST system, a depositary or custodian can hold the relevant securities and issue de-materialised depositary interests representing the underlying securities which are held on trust for the holders of the depositary interests.

The Company has appointed a custodian so that it is possible for CREST members to hold and transfer interests in Shares within CREST, pursuant to a depositary interest arrangement established by the Company. The Shares are not themselves admitted to CREST. Instead, the Depositary issues Depositary Interests. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system. Depositary Interests are created and issued pursuant to a deed poll entered into by the Depositary, which governs the relationship between the Depositary and the holders of the Depositary Interests. Shares represented by Depositary Interests are issued to the Depositary (or any custodian appointed by the Depositary), and are held on bare trust for the holders of the Depositary Interests.

Each Depositary Interest is treated as equivalent to one Share for the purposes of determining eligibility for dividends, issues of bonus shares and voting entitlements. In respect of dividends, the Company puts the Depositary (or custodian if appointed) in funds for the payment and the Depositary transfers the money to the holders of the Depositary Interests. In respect of any bonus shares, the Company will allot any bonus shares to the Depositary and the Depositary will issue such bonus shares to the holder of the Depositary Interests (or as such holder may have directed) in registered form. In respect of voting, the Depositary casts votes in respect of the Shares as directed by the holders of the Depositary Interests which the relevant Shares represent.

The Depositary Interests are not themselves admitted to trading on AIM, PLUS Market or any other exchange. They simply represent a mechanism by which trades in the Shares can be settled in CREST. Once settled, the holders can either continue to hold their interests in Shares in the form of Depositary Interests (in CREST) or withdraw their interests from CREST (at which point the underlying Shares will be transferred to them).

Depositary Interests cannot be held in certificated form outside the CREST system.

REGISTRATION

The principal register of members is maintained in Bermuda by Butterfield Fund Services (Bermuda) Limited whose address is Rosebank Centre, 11 Bermudiana Road, Pembroke HK08 and a branch register of members is maintained in Jersey by Computershare Investor Services (Jersey) Limited, whose address is 31 Pier Road, St Helier, Jersey, JE4 8PW, respectively. The Company has also established a register of members in Hong Kong which is maintained by the Hong Kong Share Registrar. As at the Latest Practicable Date, the Shares are all registered with the Jersey Share Register.

Certificates

The Shares must be transferred to the Hong Kong Share Register before they can be traded on the HKSE upon Listing and only certificates for Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the HKSE. Only certificates for Shares issued by the Jersey Share Registrar will be valid for delivery in respect of dealings effected on AIM or the PLUS Market.

The Shares exist only in certificated form. It is not necessary to be a member of CREST to hold Shares in certificated form. The Depositary Interests exist only in uncertificated form and are therefore only available to members of the CREST system or their sponsored members. It is possible to convert holdings of Depositary Interests (in uncertificated form) into holdings of Shares (in certificated form) on the Jersey Share Register and vice versa using the CREST stock deposit and stock withdrawal mechanisms.

DEALINGS ON THE HKSE

The transaction costs of dealings in the Shares on the HKSE include a HKSE trading fee of 0.005%, an SFC transaction levy of 0.004%, a transfer deed stamp duty of HK$5.00 per transfer deed and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the fair value of the Shares transferred. The brokerage commission in respect of trades of Shares on the HKSE is freely negotiable.

The brokerage commission in respect of trades of Shares on AIM and the PLUS Market is freely negotiable.

SETTLEMENT

AIM and PLUS Market Settlement

Settlement of dealings on AIM and the PLUS Market usually takes place on the third Business Day following the date of transaction.

HKSE Settlement

Investors in Hong Kong must settle their trades executed on the HKSE through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his stock account or in his designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. For an investor who holds the physical certificates, share certificates and the duly executed transfer forms must be delivered to his broker for deposit into CCASS before the settlement date.

An investor may arrange with his broker on a settlement date in respect of his trades executed on the HKSE. Under the Listing Rules and the CCASS Rules, the date of settlement must not be later than the second day following the trade date on which the settlement services of CCASS are open for use by CCASS Participants (T+2). In the case of default, the Listing Rules permit trades to be bought-in by the buying broker not in default after a late delivery report has been lodged with and authorised by the HKSE and the defaulting broker shall be responsible for the payment of all price differences and incidental expenses. For trades settled under CCASS, the CCASS Rules provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

The CCASS stock settlement fee payable by each counterparty to a HKSE trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK$2 and a maximum fee of HK$100 per trade.

Foreign Exchange Risk

Investors in England who trade in the Shares on AIM or the PLUS Market should note that their trades will be executed in Pounds. Investors in Hong Kong who trade in the Shares on the HKSE should note that their trades will be executed in Hong Kong Dollars. Accordingly, investors should be aware of the foreign exchange risks associated with such trading.

Please see the section headed "Risk Factors" in this document for a discussion on foreign exchange risks on the Group.

Removal of Shares

The procedures for removal of Shares between the Jersey Share Register and the Hong Kong Share Register are set out below.

Procedure for re-materialising Shares from Depository Interests

If holders of Depository Interests wish to move their Shares to the Hong Kong Share Register, they would first have to re-materialise their Shares. In order to do this, holders of Depository Interests may request that the depository cancel the Depository Interests held by them and transfer the underlying Shares represented by the Depository Interests by giving the relevant stock withdrawal instruction through the CREST system and delivering a physical stock withdrawal form to the depository. The relevant number of Shares are then transferred from the depository (or any custodian) to the person specified in the stock withdrawal transaction (and the Jersey Share Register is updated accordingly).

The process of re-materialising shares in the UK is initiated and carried out by the UK stockbrokers at the request of the relevant shareholders and is not controlled by the Company. The Company understands that once the broker in the UK has input the message for stock withdrawal into the CREST system, it will normally take one to two Business Days to re-materialise Shares.

Procedure for de-materialising Shares into Depository Interests

If holders of Shares in certificated form registered on the Jersey Share Register who are CREST members wish to trade Depositary Interests instead of holding physical share certificates, they can do so by submitting a stock deposit pursuant to CREST procedures. Holders of certificated Shares who are not CREST members, but would like to de-materialise their Shares, may do so by submitting a CREST transfer form.

Procedure for removal of Shares between the Jersey Share Register and the Hong Kong Share Register

The general procedure for removal of shares between the Jersey Share Register and the Hong Kong Share Register is as follows:

- the respective share registrar in each country sets up a control account as part of the issued capital for the Company. For example, the Jersey Share Registrar will establish a holding on the Jersey Share Register with the name "Hong Kong Control Register", with the initial issued capital of the Hong Kong Share Register. This holding would be excluded from any reports concerning largest shareholders and similar matters. The Hong Kong Share Registrar would set up a similar account with the issued capital of the Jersey Share Register;

- when a shareholder wishes to remove shares from one of the two registers (the "home register") to the other register (the "target register"), the shareholder provides the home registrar with a written direction to that effect. The home registrar then removes the shares from their holding, and places the shares into the control account. A fax or email confirmation is then sent to the target registrar, who removes shares from their control account and places the shares into a holding in the name of the shareholder; and

- periodically (usually at the time of each removal) the two registrars compare their respective control accounts to confirm that all figures match. The removal of Shares between the Jersey Share Register and the Hong Kong Share Register will normally be completed in six Business Days (without taking into account the time required for re-materialising the Shares from the CREST system), if the share certificate(s) are registered in the name of the investor.

Procedure for removal of Shares between the Jersey Share Register and the Hong Kong Share Register may be revised at the discretion of the respective share registrars from time to time.

Removal of Shares from the Hong Kong Share Register to the Jersey Share Register

This will involve the following principal procedures:

(1) If the Shares are registered in the name of the Shareholder, the Shareholder will need to complete a removal request form which is available from the Hong Kong Share Registrar or the Jersey Share Registrar and submit the same together with the relevant Share certificate(s) and fees involved as prescribed by the Hong Kong Share Registrar from time to time to the Hong Kong Share Registrar. If the Shares are deposited with CCASS, such Shares must be first withdrawn from the relevant participant stock account with CCASS and the relevant share transfer form(s) executed by HKSCC Nominees, the relevant Share certificate(s) and a duly completed removal request form must be submitted to the Hong Kong Share Registrar.

(2) Upon receipt of the removal request form and the relevant Share certificate(s) and where appropriate, the completed share transfer form(s) executed by HKSCC Nominees, the Hong Kong Share Registrar will take all actions necessary to effect the transfer and removal of Shares from the Hong Kong Share Register to the Jersey Share Register.

Removal of Shares from the Jersey Share Register to the Hong Kong Share Register

This will involve the following principal procedures:

(1) If the Shares are registered in the name of the Shareholder, the Shareholder will need to complete a removal request form which is available from the Jersey Share Registrar or the Hong Kong Share Registrar and submit the same together with the relevant Share certificate(s) and fees involved as prescribed by the Jersey Share Registrar from time to time to the Jersey Share Registrar. If the Shares are held in the form of Depositary Interests, they must first be re-materialised using the procedure set out above and a duly completed removal request form must be submitted to the Jersey Share Registrar together with the prescribed fees.

(2) Upon receipt of the removal request form and the relevant Share certificate(s), the Jersey Share Registrar will take all actions necessary to effect the transfer and removal of Shares from the Jersey Share Register to the Hong Kong Share Register. All costs relating to removal of Shares between the Jersey Share Register and the Hong Kong Share Register will be borne by the Shareholder requesting the removal.

(3) Upon completion of the actions necessary to effect the transfer and removal of Shares from the Jersey Share Register to the Hong Kong Share Register, the Hong Kong Share Registrar will issue certificates for Shares to the Shareholder.

Assuming the Shares can be delivered on the same date that the share certificate(s) is ready and deposited to the Jersey Share Register for removal to the Hong Kong Share Register, the total time required for Shareholders holding Shares on AIM (ie in the CREST system) to be able to have the share certificate ready in the Hong Kong Share Register (i.e. being calculated commencing from the time the broker in the UK has input the message for stock withdrawal into the CREST system to the time where the share certificate is available to be collected by the Shareholders in Hong Kong) will normally be completed in seven to eight Business Days.

Upon receiving the Share certificates from the Hong Kong Share Registrar, Shareholders who wish to trade in the Shares on the Stock Exchange will need to either (i) deposit the Shares in their stock account or in their designated CCASS Participant's stock account maintained with CCASS; or (ii) deliver the share certificates and the duly executed transfer forms to their respective brokers for deposit into CCASS before the settlement date. For a Shareholder in Hong Kong who has deposited its Shares in its stock account or in its designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. The time required for brokers to process the deposit of Share certificates would vary between individual brokers and Shareholders should therefore consult their respective brokers and make appropriate arrangements.

As at 19 November 2009, Shareholders (excluding Market Ahead and Huge Market) holding in aggregate of 80,556,200 Shares (representing approximately 10.5% of the entire issued share capital of the Company as at the Latest Practicable Date) have made arrangements to remove their respective Shares from the Jersey Share Register to the Hong Kong Share Register for the purpose of trading on the Stock Exchange. It is expected that these 80,556,200 Shares will be registered with the Hong Kong Share Register by 26 November 2009 for the purposes of trading on the Stock Exchange.

There is no requirement for Shareholders to remove their shareholdings from one branch share register to another. If Shareholders choose to keep their Shares on the Jersey Share Register, their shares will remain tradeable on AIM and the PLUS Market in the normal way.

The following is the text of a report, prepared for the purpose of incorporation in this listing document, received from our Company's reporting accountants, Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong:

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
香港天華會計師事務所有限公司
12/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
香 港 干 諾 道 中 1 6 8 - 2 0 0 號 信 德 中 心 招 商 局 大 廈 1 2 樓

23 November 2009

The Directors
Asian Citrus Holdings Limited
CLSA Equity Capital Markets Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 30 June 2007, 2008 and 2009 (the "Relevant Period"), for inclusion in the listing document of the Company dated 23 November 2009 (the "Listing Document") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of introduction (the "Listing"). The Financial Information comprises the consolidated and Company balance sheets as at 30 June 2007, 2008 and 2009, and the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements for the Relevant Period, and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares were admitted to trading on AIM of the London Stock Exchange on 3 August 2005, and were subsequently admitted to trading on PLUS Markets plc on 23 May 2008.

As at the date of the report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Name	Place and date of incorporation/ establishment and kind of legal entity	Issued and fully paid share capital/paid up registered capital	Attributable equity interest of the Group		Principal activities	Note
			Direct	Indirect		
Newasia Global Limited	British Virgin Islands ("BVI"), 2 December 1997, limited liability company	US$100,100	100%	—	Investment holding	(a)

Name	Place and date of incorporation/ establishment and kind of legal entity	Issued and fully paid share capital/paid up registered capital	Attributable equity interest of the Group		Principal activities	Note
			Direct	Indirect		
Access Fortune Investments Limited	BVI, 18 July 2005, limited liability company	US$1	100%	—	Investment holding	(a)
Raised Energy Investments Limited	BVI, 18 July 2005, limited liability company	US$1	100%	—	Investment holding	(a)
利添生物科技發展(合浦)有限公司 Lucky Team Biotech Development (Hepu) Limited ("Lucky Team (Hepu)")	People's Republic of China ("PRC"), 11 April 2000, wholly foreign owned enterprise	RMB80,000,000	—	100%	Planting, cultivation and sales of oranges	(b)
利添生物科技發展(信豐)有限公司 Litian Biological Sciences & Technology Development (Xinfeng) Company Limited ("Litian (Xinfeng)")	PRC, 21 November 2002, wholly foreign owned enterprise	US$15,000,000	—	100%	Planting, cultivation and sales of oranges	(b)
Asian Citrus Management Company Limited	BVI, 18 June 2003, limited liability company	US$1	—	100%	Proprietor and licensor of the Group's intellectual property rights	(a)
Asian Citrus (H.K.) Company Limited ("Asian Citrus (HK)") 亞洲果業(香港)有限公司	Hong Kong, 13 October 2004, limited liability company	HK$1	—	100%	General commercial and leasing of properties	(c)
利添生物科技發展(秭歸)有限公司 Lucky Team Biotech Development (Zigui) Limited ("Lucky Team (Zigui)")	PRC, 8 August 2005, wholly foreign owned enterprise	US$2,100,000	—	100%	Potential development of nursery, wholesale market and orange processing center	(b)

Name	Place and date of incorporation/ establishment and kind of legal entity	Issued and fully paid share capital/paid up registered capital	Attributable equity interest of the Group		Principal activities	Note
			Direct	Indirect		
利添良繁(合浦)農業發展有限公司 Lucky Team (Hepu) Agriculture Development Limited ("Lucky Team Agriculture")	PRC, 7 March 2006, wholly foreign owned enterprise	HK$28,000,000	—	100%	Development of nursery	(b)
利添實業(贛州)有限公司 Lucky Team Industrial (Ganzhou) Company Limited ("Lucky Team (Ganzhou)")	PRC, 22 March 2006, wholly foreign owned enterprise	US$10,000,000	—	100%	Development of orange processing centre	(b)
利添置業(宜昌)有限公司 Lucky Team Real Estate (Yi Chang) Limited ("Lucky Team (Yi Chang)")	PRC, 30 August 2007, wholly foreign owned enterprise	US$701,209	—	100%	Dormant	(b)
永州利添生物科技發展有限公司 Lucky Team Biotech Development Yongzhou Limited ("Lucky Team Yongzhou")	PRC, 21 September 2007, wholly foreign owned enterprise	US$8,007,256	—	100%	Planting, cultivation and sales of oranges	(b)

Notes:

(a) No audited financial statements were prepared for these companies as they are not required to issue audited financial statements under the local statutory requirements.

(b) Audited by 南寧金譽聯合會計師事務所 during the Relevant Period or since their respective dates of establishment, where this is a shorter period.

(c) Audited by Baker Tilly Hong Kong Limited during the Relevant Period.

All companies comprising the Group have adopted 30 June as their year end date. However, as a statutory requirement, those subsidiaries established in the PRC also prepare their statutory financial statements on a calendar basis. The statutory audited financial statements or management financial statements of the subsidiaries of the Company were prepared in accordance with relevant accounting principles and financial regulations applicable to their respective place of incorporation or establishment.

We and CCIF CPA Limited have acted as the joint auditors of the Company for the Relevant Period and have audited the consolidated financial statements of the Group for the Relevant Period prepared under International Financial Reporting Standards ("IFRSs") (the "Underlying Financial Statements") in accordance with International Standards on Auditing.

We have examined the Underlying Financial Statements for the Relevant Period used in preparing the Financial Information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared based on the Underlying Financial Statements, on the basis set out in note 1 to Section B below, with no adjustment made thereon.

The Underlying Financial Statements are the responsibility of the directors of the Company (the "Directors") who approved their issue. The Directors are also responsible for the contents of the Listing Document in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of preparation set out in note 1 to Section B below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007, 2008 and 2009 and of the consolidated results and cash flows of the Group for the Relevant Period.

A FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

		Year ended 30 June		
		2007	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	6	479,728	533,775	668,529
Net gain on change in fair value of biological assets	18	133,172	165,000	210,631
Other income	7	3,294	—	—
Inventories used	9	(122,455)	(160,229)	(222,917)
Staff costs	9, 12	(34,973)	(37,612)	(49,382)
Amortisation	9	(3,313)	(3,450)	(4,557)
Depreciation	9	(24,270)	(48,415)	(57,141)
Other operating expenses	9	(55,443)	(85,938)	(102,726)
Profit from operations	9	375,740	363,131	442,437
Interest income		2,649	5,982	2,105
Finance costs	10	(4,390)	(13)	(12)
Net finance (costs)/income		(1,741)	5,969	2,093
Share of loss of associates		(14)	(1,359)	(368)
Impairment loss on interests in associates	21	—	—	(1,896)
Profit before income tax		373,985	367,741	442,266
Income tax (expense)/credit	11	(55,280)	31,552	(2,205)
Profit for the year attributable to shareholders		318,705	399,293	440,061
Proposed final dividend	13	50,454	59,486	61,645
		RMB	*RMB*	*RMB*
Earnings per share	14			
- Basic		4.88	5.38	5.81
- Diluted		4.87	5.37	5.81

The accompanying notes form part of the Financial Information.

CONSOLIDATED BALANCE SHEETS

		At 30 June		
		2007	2008	2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	15	812,491	999,155	1,083,758
Land use rights	16	34,850	48,101	56,085
Construction-in-progress	17	150,927	120,468	79,021
Biological assets	18	765,511	931,209	1,142,025
Deferred development costs	19	12,000	22,600	30,700
Interests in associates	21	5,074	2,216	—
Deferred tax assets	22(b)	4,672	—	—
		1,785,525	2,123,749	2,391,589
Current assets				
Biological assets	18	7,688	16,787	54,638
Properties for sale	23	54,080	54,305	34,111
Inventories	24	1,573	1,487	639
Trade and other receivables	25	14,324	19,897	14,901
Income tax recoverable	22(a)	—	1,073	—
Cash and cash equivalents	26	344,513	309,952	461,241
		422,178	403,501	565,530
Total assets		2,207,703	2,527,250	2,957,119
EQUITY AND LIABILITIES				
Equity				
Share capital	27	7,758	7,785	8,028
Reserves		2,100,725	2,461,499	2,897,295
		2,108,483	2,469,284	2,905,323
Non-current liabilities				
Deferred tax liabilities	22(b)	47,559	—	—
Current liabilities				
Trade and other payables	29	18,745	56,166	48,735
Due to a related party	34(b)	2,610	1,800	2,754
Income tax payable	22(a)	30,306	—	307
		51,661	57,966	51,796
Total liabilities		99,220	57,966	51,796
Total equity and liabilities		2,207,703	2,527,250	2,957,119
Net current assets		370,517	345,535	513,734
Total assets less current liabilities		2,156,042	2,469,284	2,905,323

The accompanying notes form part of the Financial Information.

COMPANY BALANCE SHEETS

		At 30 June		
		2007	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	15	2,511	2,272	2,397
Interests in subsidiaries	20	280,877	459,985	653,969
		283,388	462,257	656,366
Current assets				
Deposits and prepayments		1	2	2,781
Cash and cash equivalents	26	224,421	38,326	17,066
		224,422	38,328	19,847
Total assets		507,810	500,585	676,213
EQUITY AND LIABILITIES				
Equity				
Share capital	27	7,758	7,785	8,028
Reserves	28	490,981	490,399	666,595
		498,739	498,184	674,623
Current liabilities				
Other payables	29	9,071	2,401	1,590
Total equity and liabilities		507,810	500,585	676,213
Net current assets		215,351	35,927	18,257
Total assets less current liabilities		498,739	498,184	674,623

The accompanying notes form part of the Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Merger reserve	Share option reserve	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(note (a))	*(note (b))*	*(note (c))*	*(note (d))*	*(note (e))*		
At 1 July 2006		6,569	154,349	(4,473)	2,811	496,432	—	849,961	1,505,649
Total recognised income for the year									
- Profit for the year		—	—	—	—	—	—	318,705	318,705
Issue of shares upon exercise of share options	27	12	4,079	—	(2,207)	—	—	—	1,884
Conversion of convertible bonds	27	344	63,652	—	—	(13,913)	—	—	50,083
Issue of new shares	27	833	299,167	—	—	—	—	—	300,000
Issuing costs		—	(37,618)	—	—	—	—	—	(37,618)
Share-based payments		—	—	—	8,417	—	—	—	8,417
2005/06 final dividend		—	—	—	—	—	—	(38,637)	(38,637)
		1,189	329,280	—	6,210	(13,913)	—	(38,637)	284,129
At 30 June 2007		7,758	483,629	(4,473)	9,021	482,519	—	1,130,029	2,108,483
Total recognised income for the year									
- Profit for the year		—	—	—	—	—	—	399,293	399,293
Issue of shares upon exercise of share options	27	27	7,957	—	(2,928)	—	—	—	5,056
Share-based payments		—	—	—	6,906	—	—	—	6,906
2006/07 final dividend		—	—	—	—	—	—	(50,454)	(50,454)
		27	7,957	—	3,978	—	—	(50,454)	(38,492)
At 30 June 2008		7,785	491,586	(4,473)	12,999	482,519	—	1,478,868	2,469,284
Total recognised income for the year									
- Profit for the year		—	—	—	—	—	—	440,061	440,061
Issue of shares to shareholders participating in the scrip dividend	27	243	46,267	—	—	—	—	—	46,510
Share-based payments		—	—	—	8,954	—	—	—	8,954
2007/08 final dividend		—	—	—	—	—	—	(59,486)	(59,486)
Appropriation to statutory reserve		—	—	—	—	—	40,327	(40,327)	—
		243	46,267	—	8,954	—	40,327	(99,813)	(4,022)
At 30 June 2009		8,028	537,853	(4,473)	21,953	482,519	40,327	1,819,116	2,905,323

The accompanying notes form part of the Financial Information.

Notes:

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

b) The merger reserve represents the excess of the value of the net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the group reorganisation set out in note 1 to Section B below.

c) The share option reserve represents the fair value of the unexercised share options recognised in accordance with the accounting policy adopted for share-based payments in note 3(r)(ii).

d) The capital reserve consists of amounts due to shareholders which have been capitalised upon the group reorganisation.

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

The accompanying notes form part of the Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

		Year ended 30 June		
		2007	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Profit before income tax		373,985	367,741	442,266
Adjustments for:				
Unrealised exchange (gain)/loss		(1,581)	518	—
Interest income		(2,649)	(5,982)	(2,105)
Finance costs	10	4,390	13	12
Depreciation	9	26,201	50,240	61,406
Share-based payments	12	8,417	6,906	8,954
Amortisation of land use rights	9	1,313	1,050	1,157
Amortisation of deferred development costs	9	2,000	2,400	3,400
Net gain on change in fair value of biological assets	18	(133,172)	(165,000)	(210,631)
Loss on disposal of property, plant and equipment	9	—	—	480
Write off of biological assets	18	9	—	42
Share of loss of associates		14	1,359	368
Impairment loss on interests in associates		—	—	1,896
Operating profit before working capital changes		278,927	259,245	307,245
Movements in working capital elements:				
Properties for sale		(17,146)	(10,215)	20,194
Inventories		(405)	86	848
Biological assets		(7,688)	(9,099)	(37,851)
Trade and other receivables		1,023	(5,573)	(4,145)
Trade and other payables		(213)	37,421	(7,431)
Due to related parties		(1,650)	(810)	954
Cash generated from operations		252,848	271,055	279,814
Income tax paid		(38,573)	(42,714)	(825)
Net cash generated from operating activities		214,275	228,341	278,989
Cash flows from investing activities				
Purchase of property, plant and equipment		(2,425)	(3,775)	(8,596)
Proceeds from disposal of property, plant and equipment		—	—	594
Additions to construction-in-progress		(191,140)	(206,981)	(97,040)
Net addition to biological assets		(4,142)	(698)	(227)
Additions to deferred development costs		(3,500)	(13,000)	(11,500)
Interest received		2,649	5,982	2,105
Net cash used in investing activities		(198,558)	(218,472)	(114,664)

The accompanying notes form part of the Financial Information.

		Year ended 30 June		
		2007	2008	2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Repayment from/(advance to) an associate		—	981	(48)
Proceeds from issue of new shares		300,000	—	—
Issuing costs paid		(37,618)	—	—
Proceeds from issue of new shares upon exercise of share options		1,884	5,056	—
Dividend paid		(38,637)	(50,454)	(12,976)
Finance costs paid		(7)	(13)	(12)
Net cash generated from/(used in) financing activities		225,622	(44,430)	(13,036)
Net increase/(decrease) in cash and cash equivalents		241,339	(34,561)	151,289
Cash and cash equivalents at beginning of year		103,174	344,513	309,952
Cash and cash equivalents at end of year	26	344,513	309,952	461,241

Non-cash transactions

a) On 29 March 2007, 3,433,476 new ordinary shares of HK$0.10 each were issued to the holders of the convertible bonds upon conversion of convertible bonds with nominal value of HK$56,000,000 (note 31).

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

The accompanying notes form part of the Financial Information.

B NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION AND GROUP REORGANISATION

The Company was incorporated in Bermuda on 4 June 2003 as an exempted company with limited liability under the Companies Act of Bermuda and its shares were admitted to trading on AIM of the London Stock Exchange on 3 August 2005, and were subsequently admitted to trading on PLUS Markets plc on 23 May 2008. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, Bermuda HM11. The address of its principal place of business is Rooms 1109-1112, Wayson Commercial Building, 28 Connaught Road West, Hong Kong.

The principal activities of the Group are the planting, cultivation and sales of agricultural produce, and developing and sales of properties in an agricultural wholesale market and orange processing centre.

The Directors regard Tong Wang Chow and his family through its direct shareholding in Market Ahead Investments Limited, a company incorporated in the BVI, as being the ultimate controlling party of the Company.

In preparation for the admission of the Company's shares to AIM, the Company has undergone the group reorganisation on 29 June 2005 pursuant to which the Company became the holding company of the Group.

Pursuant to the group reorganisation, the Group is regarded as a continuing entity. Accordingly, the consolidated income statements, consolidated balance sheets, consolidated statements of changes in equity and consolidated cash flow statements of the Group have been prepared as if the group reorganisation had been in existence throughout the year ended 30 June 2006, or since their respective dates of incorporation/establishment where this is the shorter period.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Group, rounded to the nearest thousand, unless otherwise stated.

The Financial Information has been prepared in accordance with all applicable IFRSs, which comprise International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations ("IFRIC"), issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee, and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values.

For the purposes of preparing and presenting Financial Information of the Relevant Period, the Group and the Company have adopted IFRSs consistently throughout the Relevant Period.

IFRSs issued but not yet effective

Up to the date of issue of this Financial Information, the IASB has issued a number of IFRSs which are not yet effective for the Relevant Period and which have not been adopted in this Financial Information.

Of these developments, the following relate to matters that may be relevant to the Group's operations and the Financial Information:

	Note	
Amendment to IFRSs	(b), (c)	Improvements to IFRSs
IAS 1 (Revised)	(a), (c)	Presentation of financial statements
Amendment to IAS 7	(c)	Statement of cash flows
Amendment to IAS 16	(a)	Property, plant and equipment
Amendment to IAS 17	(c)	Leases
Amendment to IAS 19	(a)	Employee benefits
IAS 24 (Revised)	(e)	Related party disclosures
Amendment to IAS 27	(a), (b)	Consolidated and separate financial statements
Amendment to IAS 28	(a), (b)	Investments in associates
Amendment to IAS 32	(a), (d)	Financial instruments: Presentation
Amendment to IAS 36	(a), (c)	Impairment of assets
Amendment to IAS 38	(a), (b)	Intangible assets
Amendment to IAS 39	(a), (b), (c)	Financial Instruments: Recognition and measurement
Amendment to IAS 41	(a)	Agriculture
Amendment to IFRS 2	(a), (b), (c)	Share-based payment
IFRS 3 (Revised)	(b)	Business combinations
Amendment to IFRS 5	(b), (c)	Non-current assets held for sale and discontinued operations
IFRS 7 (Revised)	(a)	Financial instruments: Disclosures
IFRS 8	(a), (c)	Operating segments
IFRS 9	(f)	Financial instruments
IFRIC 15	(a)	Agreements for the construction of real estate

Notes:

a) effective for annual periods beginning on or after 1 January 2009

b) effective for annual periods beginning on or after 1 July 2009

c) effective for annual periods beginning on or after 1 January 2010

d) effective for annual periods beginning on or after 1 February 2010

e) effective for annual periods beginning on or after 1 January 2011

f) effective for annual periods beginning on or after 1 January 2013

The Directors anticipate that the application of these new and revised IFRSs will have no material impact on the results and financial position of the Group.

The preparation of Financial Information in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to this Financial Information, are disclosed in note 4 to the Financial Information.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intra-group transactions, balances and unrealised profits on transactions between group entities are eliminated.

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

b) Associates

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

An investment in an associate is accounted for in the Financial Information by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 3(k)(ii)).

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

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

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

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

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

d) Land use rights

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

e) Construction-in-progress

Construction-in-progress is stated at cost less impairment losses (see note 3(k)(ii)), which represents infrastructure and land improvements under construction. The cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Depreciation commences when the relevant assets are available for use.

f) Biological assets

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

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

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

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

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs is recognised in the income statement for the year it arises.

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

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

g) Properties for sale

Properties under development for sale are stated at cost less impairment losses (see note 3(k)(ii)). Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. On completion, the properties are reclassified to completed properties for sale at the carrying amount.

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

h) Inventories

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

i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 3(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

j) Trade and other payables

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

k) Impairment

i) *Financial assets*

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

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

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

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

ii) *Non-financial assets*

The carrying amounts of the non-financial assets, other than inventories (see note 3(h)) and deferred tax assets (see note 3(s)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

l) Cash and cash equivalents

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

m) Revenue recognition

Sales of agricultural products, including oranges and self-bred saplings, is measured at fair value of the consideration received or receivable, net of returns on allowance, trade discounts and volume rebate and is recognised on the transfer of ownership, which coincides with the time of delivery of the agricultural products.

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

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

n) Operating leases

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

o) 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 where the technical feasibility of the product under development has been demonstrated, costs are identifiable and a market exists for the product such that the development costs are recoverable from related future economic benefits. Such development costs are recognised as deferred development costs in the balance sheet and amortised, once the development project is completed, on a straight-line basis over a period of five years to reflect the pattern in which the related economic benefits are recognised. Deferred development costs are stated at cost less accumulated amortisation and impairment losses (see note 3(k)(ii)).

p) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

q) Translation of foreign currencies

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

r) Employee benefits

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

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

ii) *Share-based payments*

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

s) Taxation

Income tax in the income statement comprises current and deferred tax.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

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

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

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

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

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

    — the same taxable entity; or

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

t) Provisions and contingent liabilities

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

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

u) Related parties

A party is considered to be related to the Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

ii) the Group and the party are subject to common control;

iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of an entity that is a related party of the Group.

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

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.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

Management had made the following estimates and assumptions in the process of applying the Group's accounting policies, which are described in note 3, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities as discussed below.

Property, plant and equipment and depreciation

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

Fair values of biological assets

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

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

5 FINANCIAL RISK MANAGEMENT

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

a) Categories of financial instruments

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	365,002	334,515	476,142
Financial liabilities			
Financial liabilities at amortised cost	(21,355)	(57,966)	(51,489)

	Company		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	531,071	520,246	690,231
Financial liabilities			
Financial liabilities at amortised cost	(40,143)	(33,473)	(32,806)

b) Currency risk

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

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

(i) ***Exposure to currency risk***

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

	Group					
	Assets			**Liabilities**		
	At 30 June			**At 30 June**		
	2007	**2008**	**2009**	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
HKD	202,641	125,684	68,637	8,693	1,694	962
USD	148	45	541	—	351	—
GBP	27,961	6,460	3,746	699	645	629

	Company					
	Assets			**Liabilities**		
	At 30 June			**At 30 June**		
	2007	**2008**	**2009**	**2007**	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
HKD	432,962	413,743	685,945	8,372	1,406	962
USD	147	43	539	—	351	—
GBP	27,961	6,460	3,746	699	645	629

(ii) ***Sensitivity analysis***

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

	Group		
	Year ended 30 June 2007		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits	Effect on other components of equity
		RMB'000	*RMB'000*
HKD	10%	19,395	—
	(10%)	(19,395)	—
GBP	10%	2,726	—
	(10%)	(2,726)	—

	Group		
	Year ended 30 June 2008		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits	Effect on other components of equity
		RMB'000	*RMB'000*
HKD	10%	12,398	—
	(10%)	(12,398)	—
GBP	10%	582	—
	(10%)	(582)	—

	Group		
	Year ended 30 June 2009		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits	Effect on other components of equity
		RMB'000	*RMB'000*
HKD	10%	6,767	—
	(10%)	(6,767)	—
GBP	10%	312	—
	(10%)	(312)	—

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

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

c) Credit risk

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

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

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

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

d) Liquidity risk

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

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

	Group					
	At 30 June 2007					
	Carrying amount	Total contractual undiscounted cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	18,745	18,745	18,645	—	100	—
Due to a related party	2,610	2,610	2,610	—	—	—
Total	21,355	21,355	21,255	—	100	—

	Group					
	At 30 June 2008					
	Carrying amount	Total contractual undiscounted cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	56,166	56,166	55,316	—	100	750
Due to a related party	1,800	1,800	1,800	—	—	—
Total	57,966	57,966	57,116	—	100	750

	Group					
	At 30 June 2009					
	Carrying amount	Total contractual undiscounted cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	48,735	48,735	47,885	100	—	750
Due to a related party	2,754	2,754	2,754	—	—	—
Total	51,489	51,489	50,639	100	—	750

	Company		
	At 30 June 2007		
	Carrying amount	Total contractual undiscounted cash flow	Less than 1 year
	RMB'000	*RMB'000*	*RMB'000*
Other payables	9,071	9,071	9,071
Due to a subsidiary	31,072	31,072	31,072
	40,143	40,143	40,143

	Company		
	At 30 June 2008		
	Carrying amount	Total contractual undiscounted cash flow	Less than 1 year
	RMB'000	*RMB'000*	*RMB'000*
Other payables	2,401	2,401	2,401
Due to a subsidiary	31,072	31,072	31,072
	33,473	33,473	33,473

	Company		
	At 30 June 2009		
	Carrying amount	Total contractual undiscounted cash flow	Less than 1 year
	RMB'000	*RMB'000*	*RMB'000*
Other payables	1,590	1,590	1,590
Due to a subsidiary	31,216	31,216	31,216
	32,806	32,806	32,806

e) Interest rate risk

Except for short-term bank deposits, the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management monitors interest rate exposure on dynamic basis and considers hedging significant interest rate exposure should the need arise.

f) Fair value

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

6 REVENUE

Turnover represents the sales value of agricultural products supplied to customers and income from sales of properties. The amount of each category of revenue recognised in turnover during the Relevant Period is as follows:

	Group		
	Year ended 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Sales of oranges (note)	479,728	526,980	634,945
Sales of self-bred saplings	—	—	2,246
Sales of properties	—	6,795	31,338
	479,728	533,775	668,529

Note: Included in the sales of oranges is a net increment to the fair value of agricultural produce of RMB319,414,000, RMB345,898,000 and RMB387,595,000 for the years ended 30 June 2007, 2008 and 2009 respectively.

7 OTHER INCOME

	Group		
	Year ended 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Exchange gain, net	3,294	—	—

8 SEGMENT INFORMATION

a) Business segments

No business segment information for the Group is presented as over 90% of the Group's revenue, expenses, assets, liabilities and capital expenditure are attributable to planting, cultivation and sales of agricultural produce during the Relevant Period.

b) Geographical segments

No geographical segment information for the Group is presented as over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC during the Relevant Period.

9 PROFIT FROM OPERATIONS

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

	Group		
	Year ended 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Inventories used			
- production	112,943	117,273	164,000
- general and administrative	9,512	42,956	58,917
	122,455	160,229	222,917
Staff costs			
- production	13,891	17,158	25,568
- selling and distribution	966	1,069	1,163
- general and administrative	20,116	19,385	22,651
	34,973	37,612	49,382
Amortisation			
- general and administrative	3,313	3,450	4,557
Depreciation			
- production	16,176	27,013	38,804
- general and administrative	8,094	21,402	18,337
	24,270	48,415	57,141
Other operating expenses			
- production	5,619	13,283	30,933
- selling and distribution	30,392	34,423	38,724
- general and administrative	19,432	38,232	33,069
	55,443	85,938	102,726
Of which:			
Amortisation of land use rights	1,313	1,050	1,157
Amortisation of deferred development costs	2,000	2,400	3,400
Auditors' remuneration	1,238	1,459	1,450
Biological assets written off	9	—	42
Cost of agricultural products sold	148,629	169,251	235,601
Cost of properties sold	—	5,476	23,704
Depreciation of property, plant and equipment	26,201	50,240	61,406
Add: Realisation of depreciation previously capitalised as biological assets	—	1,931	3,756
Less: Amount capitalised as biological assets	(1,931)	(3,756)	(8,021)
	24,270	48,415	57,141
Exchange (gain)/loss, net	(3,294)	15,147	747
Loss on disposal of property, plant and equipment	—	—	480
Operating lease expenses			
- plantation base	5,716	6,300	6,222
- office premises	672	827	967
Research and development costs	5,154	4,558	6,198

10 FINANCE COSTS

	Group		
	Year ended 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Bank charges	7	13	12
Interest on convertible bonds (note 31)	4,383	—	—
	4,390	13	12

11 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

Income tax in the consolidated income statements represents:

	Group		
	Year ended 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
PRC enterprise income tax ("EIT") (note (a) and 22(a))	43,271	11,164	1,403
Land appreciation tax ("LAT") (note (b) and 22(a))	—	171	802
Deferred taxation (notes (a) and 22(b))	16,904	(42,887)	—
Overprovision in prior years	(4,895)	—	—
Income tax expense/(credit)	55,280	(31,552)	2,205

a) EIT

Before the enactment of the PRC Enterprise Income Tax Law (the "New Tax Law"), Lucky Team (Hepu) was subject to a preferential EIT rate of 15% up to 31 December 2007. The first assessable profit-making year that Lucky Team (Hepu) has been exempt from EIT was 2000.

Litian (Xinfeng) was subject to an EIT rate of 33% before the enactment of the New Tax Law and was eligible to be granted a preferential tax treatment. It would be exempt from EIT for the two years starting from its first assessable profit-making year and thereafter is entitled to a 50% relief from EIT for the following three years. No provision for EIT was required since Litian (Xinfeng) had no assessable profit for the Relevant Period.

Lucky Team (Ganzhou) was subject to an EIT rate of 33% up to 31 December 2007.

Pursuant to the New Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. As a result, the PRC subsidiaries of the Group, except for Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team Agriculture, are subject to an EIT rate of 25% from 1 January 2008 onwards.

The New Tax Law came into effect on 1 January 2008 and the Foreign Enterprise Income Tax Law and its Implementation Rules were repealed. According to Article 27 of the New Tax Law and Article 86(1) of the New Tax Law Implementation Rules, enterprises engaging in certain agricultural activities, including growing of fruits and selection and cultivation of new agricultural species, are exempt from EIT. Accordingly, Lucky Team (Hepu), Litian (Xinfeng) and Lucky Team Agriculture are exempt from EIT with effect from 1 January 2008. The deferred tax assets and liabilities previously provided for by these subsidiaries were therefore reversed and recognised as a tax credit in the consolidated income statement for the year ended 30 June 2008.

b) LAT

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

c) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong during the Relevant Period.

d) PRC withholding income tax

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

e) The actual tax expense/(credit) can be reconciled to the profit before income tax in the consolidated income statements as follows:

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	373,985	367,741	442,266
Notional tax at the rates applicable to the PRC operations	56,097	55,161	117,395
Tax effect of non-deductible expenses	4,935	19,414	233
Tax effect of profit not subject to income tax	(1,306)	(64,624)	(118,858)
Tax effect of unused tax losses not recognised	449	873	2,482
Overprovision in prior years	(4,895)	—	—
LAT	—	171	802
Reversal of deferred tax assets and liabilities recognised due to imposition of the New Tax Law	—	(42,887)	—
Others	—	340	151
Actual tax expense/(credit)	55,280	(31,552)	2,205

12 EMPLOYEES AND DIRECTORS

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs (including directors' emoluments)			
Wages and salaries	26,339	30,412	39,993
Share-based payments	8,417	6,906	8,954
Employee retirement benefits	217	294	435
	34,973	37,612	49,382

	Group		
	Year ended 30 June		
	2007	2008	2009
Average monthly number of people (including directors) employed:			
- production	340	864	842
- selling and distribution	70	70	70
- general and administrative	103	142	162
	513	1,076	1,074

Directors' remuneration

	Group					
	Year ended 30 June 2007					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Share-based payments	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Tong Wang Chow	—	1,300	—	788	—	2,088
Tong Hung Wai	—	832	—	289	12	1,133
Cheung Wai Sun	—	650	—	236	12	898
Pang Yi	—	650	—	872	—	1,522
Sung Chi Keung (appointed on 15 January 2007)	—	327	—	329	6	662
Non-executive Directors						
Ip Chi Ming	600	—	—	—	—	600
Ma Chiu Cheung	453	—	—	—	—	453
Lui Ming Wah	240	—	—	—	—	240
Yang Zhenhan	240	—	—	—	—	240
Nicholas Smith	435	—	—	—	—	435
Peregrine Moncreiffe	230	—	—	—	—	230
	2,198	3,759	—	2,514	30	8,501

	Group					
	Year ended 30 June 2008					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Share-based payments	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Tong Wang Chow	—	1,278	—	491	—	1,769
Tong Hung Wai	—	734	—	180	11	925
Cheung Wai Sun	—	612	—	147	11	770
Pang Yi	—	693	—	563	—	1,256
Sung Chi Keung	—	810	—	463	11	1,284
Non-executive Directors						
Ip Chi Ming	540	—	—	—	—	540
Ma Chiu Cheung	433	—	—	—	—	433
Lui Ming Wah	216	—	—	—	—	216
Yang Zhenhan	216	—	—	—	—	216
Nicholas Smith	433	—	—	—	—	433
Peregrine Moncreiffe	216	—	—	—	—	216
	2,054	4,127	—	1,844	33	8,058

	Group					
	Year ended 30 June 2009					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Share-based payments	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors						
Tong Wang Chow	—	1,404	—	544	—	1,948
Tong Hung Wai	—	820	—	209	11	1,040
Cheung Wai Sun	—	644	—	192	11	847
Pang Yi	—	819	—	544	—	1,363
Sung Chi Keung	—	936	—	489	11	1,436
Non-executive Directors						
Ip Chi Ming	540	—	—	—	—	540
Ma Chiu Cheung	343	—	—	—	—	343
Lui Ming Wah	216	—	—	—	—	216
Yang Zhenhan	216	—	—	—	—	216
Nicholas Smith	343	—	—	—	—	343
Peregrine Moncreiffe	216	—	—	—	—	216
	1,874	4,623	—	1,978	33	8,508

Individuals with highest emoluments

The five highest paid individuals of the Group included 4 directors during the years ended 30 June 2007, 2008 and 2009, respectively, details of which are set out above. The aggregate of the emoluments in respect of the remaining highest paid individual for the Relevant Periods are as follows:

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other allowances	1,080	972	972
Discretionary bonus	—	—	—
Share-based payments	420	262	290
Retirement scheme contributions	12	11	11
	1,512	1,245	1,273

During the Relevant Period, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Period.

13 PROPOSED FINAL DIVIDEND

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Proposed final dividends:			
2007: RMB0.68 per ordinary share	50,454	—	—
2008: RMB0.80 per ordinary share	—	59,486	—
2009: RMB0.80 per ordinary share	—	—	61,645

The proposed final dividend is not recognised as a liability as at the respective balance sheet dates as it is subject to the approval of the Company's shareholders at the forthcoming annual general meetings.

The proposed final dividends for the years ended 30 June 2007 and 2008 which were approved by the Company's shareholders at the annual general meetings had been fully paid. The proposed final dividend for the year ended 30 June 2009 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14 EARNINGS PER SHARE

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

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit attributable to shareholders used in basic and diluted earnings per share calculation	318,705	399,293	440,061
Weighted average number of shares	*'000*	*'000*	*'000*
Issued ordinary shares at beginning of year	62,202	74,084	74,357
Effect of new shares issued	2,123	—	—
Effect of conversion of convertible bonds	875	—	—
Effect of shares issued to shareholders participating in the scrip dividend	—	—	1,346
Effect of shares issued upon exercise of share options	103	110	—
Weighted average number of ordinary shares used in basic earnings per share calculation	65,303	74,194	75,703
Effect of dilutive potential shares in respect of share options	148	209	57
Weighted average number of ordinary shares used in diluted earnings per share calculation	65,451	74,403	75,760

15 PROPERTY, PLANT AND EQUIPMENT

	Group					
	Buildings	Leasehold improvements	Furniture fixtures and equipment	Motor vehicles	Farmland, infrastructure and machinery	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 July 2006	10,101	3,062	2,775	1,409	588,809	606,156
Additions	—	—	288	1,685	452	2,425
Transfer from construction-in-progress (note 17)	—	—	—	—	297,360	297,360
At 30 June 2007	10,101	3,062	3,063	3,094	886,621	905,941
Additions	—	—	310	2,748	717	3,775
Transfer from construction-in-progress (note 17)	—	—	15	—	237,425	237,440
Transfer to properties for sale	—	—	—	—	(4,619)	(4,619)
At 30 June 2008	10,101	3,062	3,388	5,842	1,120,144	1,142,537
Additions	24	—	228	1,541	6,803	8,596
Transfer from construction-in-progress (note 17)	4,061	—	33	—	134,393	138,487
Disposals	—	—	—	(1,373)	—	(1,373)
At 30 June 2009	14,186	3,062	3,649	6,010	1,261,340	1,288,247
Accumulated depreciation						
At 1 July 2006	1,142	170	476	986	64,475	67,249
Charge for the year	291	174	381	253	25,102	26,201
At 30 June 2007	1,433	344	857	1,239	89,577	93,450
Charge for the year	291	174	430	410	48,935	50,240
Transfer to properties for sale	—	—	—	—	(308)	(308)
At 30 June 2008	1,724	518	1,287	1,649	138,204	143,382
Charge for the year	421	147	446	558	59,834	61,406
Written back on disposals	—	—	—	(299)	—	(299)
At 30 June 2009	2,145	665	1,733	1,908	198,038	204,489
Carrying amount						
At 30 June 2007	8,668	2,718	2,206	1,855	797,044	812,491
At 30 June 2008	8,377	2,544	2,101	4,193	981,940	999,155
At 30 June 2009	12,041	2,397	1,916	4,102	1,063,302	1,083,758

	Company		
	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 July 2006	1,413	—	1,413
Additions	30	1,373	1,403
At 30 June 2007	1,443	1,373	2,816
Additions	5	—	5
At 30 June 2008	1,448	1,373	2,821
Additions	—	1,456	1,456
Disposals	—	(1,373)	(1,373)
At 30 June 2009	1,448	1,456	2,904
Accumulated depreciation			
At 1 July 2006	48	—	48
Charge for the year	136	121	257
At 30 June 2007	184	121	305
Charge for the year	125	119	244
At 30 June 2008	309	240	549
Charge for the year	125	132	257
Written back on disposals	—	(299)	(299)
At 30 June 2009	434	73	507
Carrying amount			
At 30 June 2007	1,259	1,252	2,511
At 30 June 2008	1,139	1,133	2,272
At 30 June 2009	1,014	1,383	2,397

16 LAND USE RIGHTS

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	65,654	37,204	52,512
Additions	—	—	9,141
Transfer (to)/from properties for sale	(28,450)	15,308	—
At end of year	37,204	52,512	61,653
Accumulated amortisation			
At beginning of year	2,912	2,354	4,411
Charge for the year	1,313	1,050	1,157
Transfer (to)/from properties for sale	(1,871)	1,007	—
At end of year	2,354	4,411	5,568
Carrying amount	34,850	48,101	56,085

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

17 CONSTRUCTION-IN-PROGRESS

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	257,147	150,927	120,468
Additions	191,140	206,981	97,040
Transfer to property, plant and equipment (note 15)	(297,360)	(237,440)	(138,487)
At end of year	150,927	120,468	79,021

18 BIOLOGICAL ASSETS

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

	Group				
	Self-bred saplings	Immature seedlings	Infant trees	Orange trees	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 July 2006	—	9	11,197	617,000	628,206
Additions	142	4,000	—	—	4,142
Net increase due to cultivation	—	—	—	7,688	7,688
Intra-transfer to infant trees	—	(4,000)	4,000	—	—
Intra-transfer to orange trees	—	—	(2,828)	2,828	—
Written off	—	(9)	—	—	(9)
Net change in fair value					
- Gain due to price, yield, maturity and cost changes	—	—	—	160,497	160,497
- Decrease due to replanting programme	—	—	—	(27,325)	(27,325)
	—	—	—	133,172	133,172
At 30 June 2007	142	—	12,369	760,688	773,199
Additions	698	—	—	—	698
Net increase due to cultivation	—	—	—	9,099	9,099
Net change in fair value					
- Gain due to price, yield, maturity and cost changes	—	—	—	210,200	210,200
- Decrease due to replanting programme	—	—	—	(45,200)	(45,200)
	—	—	—	165,000	165,000
At 30 June 2008	840	—	12,369	934,787	947,996
Additions	789	—	—	—	789
Sales of self-bred saplings	(562)	—	—	—	(562)
Intra-transfer to infant trees	(203)	—	203	—	—
Intra-transfer to orange trees	—	—	(4,369)	4,369	—
Written off	(42)	—	—	—	(42)
Net increase due to cultivation	—	—	—	37,851	37,851
Net change in fair value					
- Gain due to price, yield, maturity and cost changes	—	—	—	274,197	274,197
- Decrease due to replanting programme	—	—	—	(63,566)	(63,566)
	—	—	—	210,631	210,631
At 30 June 2009	822	—	8,203	1,187,638	1,196,663

Represented by:

	Self-bred saplings	Infant trees	Orange trees	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2007				
Non-current	142	12,369	753,000	765,511
Current	—	—	7,688	7,688
	142	12,369	760,688	773,199
At 30 June 2008				
Non-current	840	12,369	918,000	931,209
Current	—	—	16,787	16,787
	840	12,369	934,787	947,996
At 30 June 2009				
Non-current	822	8,203	1,133,000	1,142,025
Current	—	—	54,638	54,638
	822	8,203	1,187,638	1,196,663

The movements in biological assets can be summarised as follows:

	Group			
	Self-bred saplings	Immature seedlings	Infant trees	Orange trees
	Number	*Number*	*Number*	*Number*
At 1 July 2006	—	1,674	1,246,077	1,246,052
Additions	203,515	400,000	55,185	—
Intra transfer to infant trees	—	(400,000)	400,000	—
Intra transfer to orange trees	—	—	(400,000)	400,000
Written off	—	(1,674)	—	—
Decrease due to replanting programme	—	—	—	(55,185)
At 30 June 2007	203,515	—	1,301,262	1,590,867
Additions	120,013	—	76,135	—
Decrease due to replanting programme	—	—	—	(76,135)
At 30 June 2008	323,528	—	1,377,397	1,514,732
Additions	448,332	—	—	—
Sales of self-bred saplings	(224,600)	—	—	—
Intra transfer to infant trees	(81,261)	—	81,261	—
Intra transfer to orange trees	—	—	(446,077)	446,077
Written off	(16,698)	—	—	—
Decrease due to replanting programme	—	—	—	(81,261)
At 30 June 2009	449,301	—	1,012,581	1,879,548

The replanting programme replaces existing species with more advanced and better quality species that have greater resistance to disease and produce a higher yield. During the years ended 30 June 2007, 2008 and 2009, 55,185, 76,135, and 81,261 orange trees were removed and the corresponding land area was replanted with the same amount of new species, respectively.

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

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

The fair value of orange trees less estimated point-of-sale costs is calculated by deducting the fair value of plantation-related machinery and equipment and land improvements from the fair value of the orange tree operation. In doing so, the following major assumptions when using the Valuation Methodology were made:

a) The market price variables represent the assumed market price for the Summer Oranges and Winter Oranges produced by the Group. The valuation adopted the market sales prices prevailing as of the relevant balance sheet date for each type of oranges produced by the Group as the sales price estimation. Such estimation is based on real terms without considering inflationary effect and planned future business activity that may impact the future prices of oranges from the Group's plantations.

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

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

d) The Capital Asset Pricing Model has been used to determine a discount rate of 20.4%, 18.7% and 20.1% as at 30 June 2007, 2008 and 2009, respectively to be applied to the orange tree operations.

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

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

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

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

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

The land currently occupied by the Group is leased from third parties, and has no commercial value. With reference to the fair value of plantation-related machinery and equipment and land improvements (represented by improvements in the structures and buildings, wind breakers, etc.), the total values of the assets involved as at 30 June 2007, 2008 and 2009 for Hepu Plantation are approximately RMB221 million, RMB262 million and RMB316 million respectively, and for Xinfeng Plantation are approximately RMB77 million, RMB112 million and RMB242 million respectively.

The quantity and amount of agricultural produce harvested measured at fair value less estimated point-of-sale costs during the Relevant Period were as follows.

	2007		**2008**		**2009**	
	Quantity	**Amount**	**Quantity**	**Amount**	**Quantity**	**Amount**
	Tonnes	*RMB'000*	*Tonnes*	*RMB'000*	*Tonnes*	*RMB'000*
Oranges	121,091	468,043	130,308	515,149	152,059	622,634

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

1) Regulatory and environmental risks

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

2) Supply and demand risks

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

3) Climate and other risks

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

19 DEFERRED DEVELOPMENT COSTS

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	15,500	19,000	32,000
Additions	3,500	13,000	11,500
At end of year	19,000	32,000	43,500
Accumulated amortisation			
At beginning of year	5,000	7,000	9,400
Charge for the year	2,000	2,400	3,400
At end of year	7,000	9,400	12,800
Carrying amount	12,000	22,600	30,700
Represented by:			
Incomplete development projects	9,000	10,000	21,500
Completed development projects	3,000	12,600	9,200
	12,000	22,600	30,700

	2007	2008	2009
	Year	Year	Year
Average remaining amortisation period for completed projects	1.5	4.5	3.8

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

20 INTERESTS IN SUBSIDIARIES

	Company		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments, at cost	5,300	5,300	5,300
Capital contribution in respect of employee share-based payments	—	3,839	9,501
Due from subsidiaries	306,649	481,918	670,384
Due to a subsidiary	(31,072)	(31,072)	(31,216)
	280,877	459,985	653,969

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

21 INTERESTS IN ASSOCIATES

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Share of net liabilities	(1,091)	(2,450)	(2,818)
Due from an associate	6,165	4,666	4,714
	5,074	2,216	1,896
Impairment loss	—	—	(1,896)
	5,074	2,216	—

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

Due to the cessation of businesses of associates, an impairment loss of RMB1,896,000 was recognised in respect of the interests in associates during the year ended 30 June 2009.

Details of associates as at the date of the report are as follows:

Name	**Place of incorporation/ establishment**	**Attributable equity interest of the Group** **Indirect**	**Principal activities**
Asian Fruits Limited	BVI	46%	Dormant
亞洲鮮果(東莞)貿易有限公司 Asian Fruits Trading (Dongguan) Limited	PRC	46%	Dormant

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

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	10,135	4,625	3,830
Total liabilities	(12,509)	(9,953)	(9,957)

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	24,341	—	—
Loss for the year	(32)	(2,954)	(799)

22 INCOME TAX IN THE CONSOLIDATED BALANCE SHEETS

a) Current taxation in the consolidated balance sheets represents:

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Income tax payable/(recoverable) at beginning of year	30,503	30,306	(1,073)
Provision for PRC EIT (note 11)	43,271	11,164	1,403
Provision for LAT (note 11)	—	171	802
Reversal of overprovision in prior years	(4,895)	—	—
Income tax paid	(38,573)	(42,714)	(825)
Income tax payable/(recoverable) at end of year	30,306	(1,073)	307

b) Deferred tax assets and liabilities recognised:

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	25,983	42,887	—
Provision/(reversal) for deferred taxation (note 11)	16,904	(42,887)	—
At end of year	42,887	—	—

The analysis of the deferred tax position is as follows:

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	45,986	—	—
Land use rights	(2,093)	—	—
Construction-in-progress	(46,208)	—	—
Biological assets	46,634	—	—
Deferred development costs	1,605	—	—
Inventories	1,162	—	—
Other receivables and prepayments	(849)	—	—
Trade and other payables	888	—	—
Other items	(4,238)	—	—
	42,887	—	—
Represented by:			
Deferred tax assets	(4,672)	—	—
Deferred tax liabilities	47,559	—	—
	42,887	—	—

23 PROPERTIES FOR SALE

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Properties under development for sale	54,080	—	2,046
Completed properties for sale	—	54,305	32,065
	54,080	54,305	34,111

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

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
In PRC, held on leases between 10 to 50 years	26,579	11,153	6,285

24 INVENTORIES

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Agricultural materials	1,498	1,412	515
Packaging materials	75	75	124
	1,573	1,487	639

25 TRADE AND OTHER RECEIVABLES

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	2,498	2,311
Other receivables, deposits and prepayments	14,324	17,399	12,590
	14,324	19,897	14,901

The amount of the Group's other receivable, deposits and prepayments expected to be recovered or recognised as an expense after more than one year is RMB1,838,000, RMB4,838,000 and RMB6,085,000 as at 30 June 2007, 2008 and 2009, respectively. All of the other trade and other receivables are expected to be recovered or recognised as an expense within one year.

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

The ageing analysis of trade receivables is as follows:

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	—	2,498	1,544
Less than 1 month past due	—	—	493
1 to 3 months past due	—	—	274
Amounts past due	—	—	767
	—	2,498	2,311

Included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB767,000 which are past due at 30 June 2009 and for which the Group has not provided for any impairment loss as the Group holds collateral over these balances.

26 CASH AND CASH EQUIVALENTS

	Group			Company		
	At 30 June			At 30 June		
	2007	2008	2009	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term bank deposits	223,426	119,279	55,893	223,426	37,823	10,454
Cash at bank and on hand	121,087	190,673	405,348	995	503	6,612
	344,513	309,952	461,241	224,421	38,326	17,066

Included in the cash and cash equivalents of the Group as at 30 June 2007, 2008 and 2009 are amounts of approximately RMB119,929,000, RMB182,501,000 and RMB391,203,000 respectively denominated in RMB. Conversion of RMB into foreign currencies is subject to PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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

27 SHARE CAPITAL

		Group and Company		
	Note	*Number of shares*	*HK$'000*	*RMB'000*
Authorised:				
Ordinary shares of HK$0.10 each				
At 1 July 2006, 30 June 2007, 30 June 2008 and 30 June 2009		200,000,000	20,000	20,900
Issued and fully paid:				
At 1 July 2006		62,201,949	6,220	6,569
Issue of shares upon exercise of share options	(a)	115,500	12	12
Conversion of convertible bonds	(b)	3,433,476	343	344
Issue of new shares	(c)	8,333,333	833	833
At 30 June 2007		74,084,258	7,408	7,758
Issue of shares upon exercise of share options	(d), (e), (f)	272,700	27	27
At 30 June 2008		74,356,958	7,435	7,785
Issue of shares to shareholders participating in the scrip dividend	(g)	2,699,022	270	243
At 30 June 2009		77,055,980	7,705	8,028

Notes:

a) On 10 August 2006, 115,500 new ordinary shares of HK$0.10 each were issued at £1.12 per share to a director and certain employees upon exercise of 115,500 options (note 32 (a)(iii)).

b) On 29 March 2007, 3,433,476 new ordinary shares of HK$0.10 each were issued to the holders of the convertible bonds upon conversion of convertible bonds with nominal value of HK$56,000,000 (note 31).

c) On 29 March 2007, 8,333,333 new ordinary shares of HK$0.10 each were issued at £2.40 per share pursuant to the placing agreement.

d) On 9 August 2007, 88,500 and 24,000 new ordinary shares of HK$0.10 each were issued at £1.12 and £2.045 per share, respectively to certain directors and employees upon exercise of 112,500 share options (note 32(a)(iv)).

e) On 4 January 2008, 10,200 new ordinary shares of HK$0.10 each were issued at £2.045 per share to certain employees upon exercise of 10,200 share options (note 32(a)(vi)).

f) On 18 June 2008, 150,000 new ordinary shares of HK$0.10 each were issued at £1.12 per share to Evolution Securities China Limited ("ESCL") upon exercise of 150,000 share options (note 32(e)).

g) On 31 December 2008, 2,699,022 new ordinary shares of HK$0.10 each were issued at the price of £1.576 per share to shareholders participating in the scrip dividend.

h) The ordinary shares issued rank pari passu with the existing ordinary shares in issue.

i) Capital management

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

The Group's major internal cash resource is its cash and cash equivalents. The Group did not have any outstanding bank borrowings as at 30 June 2007, 2008 and 2009.

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

28 RESERVES

	Company				
	Share premium	Share option reserve	Capital reserve	(Accumulated losses)/ Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 July 2006	167,264	2,811	13,913	(15,887)	168,101
Issue of shares upon exercise of share options	4,079	(2,207)	—	—	1,872
Conversion of convertible bonds	63,652	—	(13,913)	—	49,739
Issue of new shares	299,167	—	—	—	299,167
Issuing costs	(37,572)	—	—	—	(37,572)
Share-based payments	—	8,417	—	—	8,417
2005/06 final dividend	—	—	—	(38,637)	(38,637)
Profit for the year	—	—	—	39,894	39,894
At 30 June 2007	496,590	9,021	—	(14,630)	490,981
Issue of shares upon exercise of share options	7,957	(2,928)	—	—	5,029
Share-based payments	—	6,906	—	—	6,906
2006/07 final dividend	—	—	—	(50,454)	(50,454)
Profit for the year	—	—	—	37,937	37,937
At 30 June 2008	504,547	12,999	—	(27,147)	490,399
Issue of shares to shareholders participating in the scrip dividend	46,267	—	—	—	46,267
Share-based payments	—	8,954	—	—	8,954
2007/08 final dividend	—	—	—	(59,486)	(59,486)
Profit for the year	—	—	—	180,461	180,461
At 30 June 2009	550,814	21,953	—	93,828	666,595

29 TRADE AND OTHER PAYABLES

	Group			Company		
	At 30 June			At 30 June		
	2007	2008	2009	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	6,910	8,570	14,786	—	—	—
Other payables	11,835	47,596	33,949	9,071	2,401	1,590
	18,745	56,166	48,735	9,071	2,401	1,590

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

	Group		
	At 30 June		
	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Due within 3 months or on demand	9,443	10,190	17,232
Due after 3 months but within 6 months	66	93	297
Due after 6 months but within 1 year	—	76	—
Due over 1 year	11	11	11
	9,520	10,370	17,540
Represented by:			
Trade payables	6,910	8,570	14,786
Amount due to a related party	2,610	1,800	2,754
	9,520	10,370	17,540

30 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the scheme vest immediately.

The PRC subsidiaries are required to participate in the defined contribution retirement schemes operated by the relevant government authorities for employees in the PRC and make contributions to the retirement schemes at certain rates of the basic salary of its employees in the PRC. Contributions to these schemes are charged to the income statement when incurred.

31 CONVERTIBLE BONDS

Convertible bonds recognised in the balance sheet are calculated as follows:

	Liability component	**Equity component**
	RMB'000	*RMB'000*
At 1 July 2006	47,528	13,913
Conversion of convertible bonds	(50,083)	(13,913)
Interest expenses (note 10)	4,383	—
Exchange difference	(1,828)	—
At 30 June 2007, 30 June 2008 and 30 June 2009	—	—

On 29 March 2007, 2,360,515 and 1,072,961 new ordinary shares of HK$0.10 each were issued to Metage Funds Limited and Metage Special Emerging Markets Funds Limited upon conversion of the convertible bonds with nominal value of HK$38,500,000 and HK$17,500,000, respectively (note 27(b)).

Interest expenses on convertible bonds are calculated by applying the effective interest rate of 12.79% per annum to the liability component.

The fair value of the liability component, stated as non-current liability, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity component, was included in the capital reserve within the shareholders' equity as at 1 July 2006 and was released following the conversion of these bonds on 29 March 2007.

32 SHARE-BASED PAYMENTS

Details of the share options outstanding during the Relevant Periods are as follows:-

	Group								
	2007			2008			2009		
	Note	*Number of share options*	*Weighted average exercise price*	*Note*	*Number of share options*	*Weighted average exercise price*	*Note*	*Number of share options*	*Weighted average exercise price*
Employees									
Outstanding at beginning of year	(a(i))	1,155,000	£1.12		2,287,500	£1.62		2,517,800	£1.75
Granted during the year	(a(ii))	1,248,000	£2.045	(a(v))	353,000	£2.425	(a(vii))	2,561,000	£1.39
Exercised during the year	(a(iii))	(115,500)	£1.12	(a(iv))(a(vi))	(122,700)	£1.38		—	
Outstanding at end of year		2,287,500	£1.62		2,517,800	£1.75		5,078,800	£1.57
Exercisable at end of year		—			242,400	£1.94		678,100	£1.89
ESCL									
Outstanding at beginning of year	(d)	150,000	£1.12		150,000	£1.12		—	
Exercised during the year		—		(e)	(150,000)	£1.12		—	
Outstanding at end of year		150,000	£1.12		—			—	
Exercisable at end of year		150,000	£1.12		—			—	

Notes:

Employees

a) The Company's share option plan (the "Plan") is established for the primary purpose of providing incentives to the directors and employees of the Group.

i) On 25 July 2005, 1,155,000 share options were granted at an exercise price of £1.12 per share under the Plan. The options will normally vest and become exercisable annually at the rate of 10% over 10 years, subject to continuing employment. No consideration was paid for the granting of the options. All options were issued upon the Company's shares being admitted to trading on AIM of the London Stock Exchange on 3 August 2005. The fair value of options granted was approximately RMB9,189,000 (equivalent to £651,000).

ii) On 27 July 2006, 1,248,000 share options were granted at an exercise price of £2.045 per share under the Plan. The options will normally vest and become exercisable annually at the rate of 20% for the period from 27 July 2007 to 26 July 2014, subject to continuing employment and the satisfaction of certain performance conditions. No consideration was paid for the granting of the options. The fair value of options granted was approximately RMB16,359,000 (equivalent to £1,110,043).

iii) On 10 August 2006, 115,500 new ordinary shares of HK$0.10 each were issued at an exercise price of £1.12 per share upon exercise of 115,500 share options (note 27(a)).

iv) On 9 August 2007, 88,500 and 24,000 new ordinary shares of HK$0.10 each were issued at an exercise price of £1.12 and £2.045 per share respectively upon exercise of 112,500 share options (note 27(d)).

v) On 14 September 2007, 353,000 shares options were granted at an exercise price of £2.425 per share under the Plan. The options will normally vest and become exercisable annually at the rate of 20% for the period from 14 September 2008 to 2 August 2015, subject to continuing employment and the satisfaction of certain performance conditions. No consideration was paid for the granting of the options. The fair value of options granted was approximately RMB4,870,000 (equivalent to £325,242).

vi) On 4 January 2008, 10,200 new ordinary shares of HK$0.10 each were issued at an exercise price of £2.045 per share upon exercise of 10,200 share options (note 27(e)).

vii) On 15 October 2008, 2,561,000 share options were granted at an exercise price of £1.39 per share under the Plan. The options will normally vest and become exercisable annually at the rate of 20% for the period from 15 October 2009 to 2 August 2015, subject to continuing employment and the satisfaction of certain performance conditions. No consideration was paid for the granting of the options. The fair value of options granted was approximately RMB15,853,000 (equivalent to £1,467,915).

b) At 30 June 2009, the number of shares in respect of which options had been granted and remained outstanding under the Plan was 5,317,000 and 5,078,000, representing approximately 6.9% and 6.6% of the issued shares of the Company at that date respectively. The total number of shares in respect of which options may be granted under the Plan is not permitted to exceed 10% of the issued shares of the Company from time to time.

c) The weighted average share price at the date of exercise for share options exercised during the years ended 2007, 2008 and 2009 was £1.94, £2.95 and £2.95 respectively. The options outstanding as at 30 June 2007, 2008 and 2009 have a weighted average remaining contractual life of 8 years, 7 years and 6 years respectively and the exercise prices ranging from £1.12 to £2.045, £1.12 to £2.425 and £1.12 to £2.425 in the respective years.

ESCL

d) Additionally, share options are also granted to outside third parties for settlement in respect of services provided to the Group.

On 27 July 2005, 350,000 share options were granted at an exercise price of £1.12 per share to ESCL as corporate finance fee and commission pursuant to the placing agreement. The options are exercisable for the period from 28 July 2005 to 28 July 2008. All options were issued upon the Company's shares were admitted to trading on AIM of the London Stock Exchange on 3 August 2005. The fair value of options granted was approximately RMB1,383,000 (equivalent to £98,000). On 16 March 2006, 200,000 new ordinary shares of HK$0.10 each were issued at an exercise price of £1.12 per share to ESCL upon exercise of 200,000 share options.

e) On 18 June 2008, 150,000 new ordinary shares of HK$0.10 each were issued at an exercise price of £1.12 per share upon exercise of the remaining 150,000 share options (note 27(f)).

The fair value was calculated using the binomial model. The inputs into the model were as follows:

	Employees				**ESCL**
	(note (a(i))	*(note (a(ii))*	*(note (a(v))*	*(note (a(vii))*	*(note (d))*
Spot price	£1.12	£2.08	£2.435	£1,465	£1.12
Expected life (years)	10	8	8	6.8	3
Exercise price	£1.12	£2.045	£2.425	£1.39	£1.12
Expected volatility	43%	42%	41%	42%	43%
Risk-free interest rate	4.39%	4.61%	4.91%	4.53%	4.24%
Dividend yield	0%	0%	1.8%	1.8%	0%

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

There were no service conditions or market conditions associated with the share options granted.

33 COMMITMENTS

a) Operating lease commitments

At the balance sheet dates, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	6,573	6,694	5,957
After 1 year but within 5 years	25,072	25,205	24,732
After 5 years	241,060	240,462	272,395
	272,705	272,361	303,084

Operating lease payments represent rental payable by the Group for certain of its office premises and land on which the plantations are situated. The leases of the plantations are negotiated for a term of 50 years expiring from 2050 to 2058.

b) Capital and other commitments

At the balance sheet dates, the Group had the following capital and other commitments:

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
Construction-in-progress	8,469	32,180	26,678
Properties under development for sale	12,675	—	—
Research and development	3,000	7,000	15,100
	24,144	39,180	41,778

34 RELATED PARTY TRANSACTIONS

a) Save as disclosed elsewhere in the Financial Information, the Group had the following significant related party transactions during the Relevant Period:

		Group		
		Year ended 30 June		
		2007	**2008**	**2009**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Purchases of organic fertilisers from:				
福建漳州超大微生物有機肥有限公司 Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited ("Zhangzhou Chaoda")	(i)	17,378	22,635	35,220
惠州超大微生物有機肥有限公司 Weizhou Chaoda Microbe Organic Fertiliser Company Limited ("Weizhou Chaoda")	(i)	2,213	10,800	12,110
		19,591	33,435	47,330
Operating lease expenses paid to:				
Alpha Best Limited		—	291	406
Pan Air & Sea Forwarders (HK) Limited		194	15	—
		194	306	406

Note:

i) The purchases were charged at prices and terms comparable with those charged to and contracted with independent third parties.

Zhangzhou Chaoda and Weizhou Chaoda are related parties of Lucky Team (Hepu) by virtue of Mr. Kwok Ho's interest. The entire registered capital of Zhangzhou Chaoda and Weizhou Chaoda is indirectly held by Mr. Kwok Ho, a director of Lucky Team (Hepu) and a substantial shareholder in Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"). Chaoda is in turn the holding company of Huge Market Investments Limited, a major shareholder of the Company.

Alpha Best Limited and Pan Air & Sea Forwarders (HK) Limited are related to the Group by virtue of Mr. Tong Wang Chow's interest in their share capital.

The Directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business. The Directors have confirmed that the above transactions will continue in the future after the Listing.

b) At the balance sheet dates, the Group had the following amount due to a related party, which was trade in nature:

	Group		
	At 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Weizhou Chaoda	—	1,800	2,754
Zhangzhou Chaoda	2,610	—	—
	2,610	1,800	2,754

c) Compensation of key management personnel

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	7,664	7,524	7,857
Share-based payments	3,983	3,069	3,394
Post-employment benefits	111	43	50
	11,758	10,636	11,301

Total remuneration is included in "Staff costs" (note 9).

C SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Financial Information, the Group had the following subsequent events:

a) Pursuant to a resolution of the shareholders of the Company passed on 2 November 2009, the Company's issued and unissued shares of HK$0.10 each were subdivided into ten shares of HK$0.01 each (the "Subdivision") so that the authorised share capital of the Company is HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each. As a result of the Subdivision, the exercise price of the existing share options is adjusted from £2.425, £2.045, £1.39, £1.12 to £0.2425, £0.2045, £0.139, £0.112 respectively and the total outstanding number of the existing share options is adjusted from 5,078,800 to 50,788,000. Should the Subdivision has taken place at the beginning of the Relevant Period, the basic and diluted earnings per share would be adjusted as follows:

	Group		
	Year ended 30 June		
	2007	**2008**	**2009**
	RMB	*RMB*	*RMB*
Basic	0.49	0.54	0.58
Diluted	0.49	0.54	0.58

b) On the same day, the Company has conditionally adopted a new share option plan (the "Post Listing Share Option Scheme") which is subject to the commencement of trading of the Company's shares on the Stock Exchange upon the Listing. The principal terms of the Post Listing Share Option Scheme are set out in the Section headed "Post Listing Share Option Scheme" in Appendix IV to the Listing Document. Subject to the conditions to the Listing being fulfilled or waived, the existing share option plan will be terminated with effect from the Listing.

D SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2009.

Yours faithfully
Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong

Andrew David Ross
Practising certificate number P01183

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

23 November 2009

The Directors
Asian Citrus Holdings Limited
Room 1109-1111
Wayson Commercial Building
No. 28 Connaught Road West
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Asian Citrus Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") and the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 September 2009 (the "date of valuation") for the purpose of incorporation into this document.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests in Group I, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land, respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

For property interests in Groups II and III which are rented by the Group in the PRC and Hong Kong, we have assigned no commercial value to them mainly due to the prohibition against assignment or sub-letting, the lack of substantial profit rents or the short term nature of such interests.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interests at the relevant government bureau in the PRC. For the property interests in Hong Kong, we have caused searches to be made at the Land Registry. We have been provided with certain extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinions provided by the Group's PRC legal adviser, Zhong Lun Law Firm (the "PRC legal opinion").

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property and other relevant matter. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate used in valuing the property in the PRC as at 30 September 2009 was HK$1=RMB0.881. There has been no significant fluctuation in the exchange rate for RMB against Hong Kong Dollars (HK$) between that date and the date of this letter.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty two years' experiences in undertaking valuations of properties in Hong Kong and has over fifteen years' experiences in valuations of properties in the PRC.

SUMMARY OF VALUATION

Group I — Property interests owned and occupied by the Group in the PRC

	Property	Market Value in existing state as at 30 September 2009	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 September 2009
1.	A parcel of land (Land Plot 1) located at Xinfeng County Industrial Park, Xinfeng County, Jiangxi Province, the PRC	RMB75,570,000 (equivalent to HK$85,780,000)	100%	RMB75,570,000 (equivalent to HK$85,780,000)
2.	A parcel of land (Land Plot 2) located at Xinfeng County Industrial Park, Xinfeng County, Jiangxi Province, the PRC	RMB8,150,000 (equivalent to HK$9,250,000)	100%	RMB8,150,000 (equivalent to HK$9,250,000)
3.	A parcel of land (Land Plot 3) located at Xinfeng County Industrial Park, Xinfeng County, Jiangxi Province, the PRC	RMB24,300,000 (equivalent to HK$27,580,000)	100%	RMB24,300,000 (equivalent to HK$27,580,000)
4.	An office building located at the east of Lanyuan Village, Lianzhou Town, Hepu County, Guangxi Zhuang Autonomous Region, the PRC	RMB31,900,000 (equivalent to HK$36,200,000)	100%	RMB31,900,000 (equivalent to HK$36,200,000)

	Property	Market Value in existing state as at 30 September 2009	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 September 2009
5.	A parcel of land located at Yinxingtuo Village, Maoping Town, Zigui County, Hubei Province, the PRC	RMB9,200,000 (equivalent to HK$10,440,000)	100%	RMB9,200,000 (equivalent to HK$10,440,000)
	Sub-total:	**RMB149,120,000 (equivalent to HK$169,250,000)**		**RMB149,120,000 (equivalent to HK$169,250,000)**

Group II — Property interests rented and occupied by the Group in the PRC

	Property	Market Value in existing state as at 30 September 2009	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 September 2009
6.	Land, various buildings and structures located at Guangxi Citrus Farm, Hepu County, Guangxi Zhuang Autonomous Region, the PRC	No commercial value	100%	Nil
7.	Land, various buildings and structures located at Jiangxi Citrus Farm, Xinfeng County, Jiangxi Province, the PRC	No commercial value	100%	Nil

	Property	Market Value in existing state as at 30 September 2009	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 September 2009
8.	A parcel of land located at the east of Lanyuan Village, Lianzhou Town, Hepu County, Guangxi Zhuang Autonomous Region, the PRC	No commercial value	100%	Nil
9.	Levels 1 to 3, Block No. 11, Guizhou 2nd Street, Binhu Road, Maoping Town, Zigui County, Hubei Province, the PRC	No commercial value	100%	Nil
10.	Levels 2 to 4, Nos. 9-11 Yingbin Road, Jiading Town, Xinfeng County, Jiangxi Province, the PRC	No commercial value	100%	Nil
11.	3 units on Level 1, Nos. 9-11 Yingbin Road, Jiading Town, Xinfeng County, Jiangxi Province, the PRC	No commercial value	100%	Nil
12.	Levels 1 to 4, No. 251 Daozhou Bei Road, Dao County, Yongzhou, Hunan Province, the PRC	No commercial value	100%	Nil

	Property	Market Value in existing state as at 30 September 2009	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 September 2009
13.	Basement and Levels 1 to 4, No. 7 of Block 10, Lian Xi Shan Zhuang West Zone, Dao County, Yongzhou, Hunan Province, the PRC	No commercial value	100%	Nil
14.	Portion of No. 3188 Wulong Road, Shanghai, the PRC	No commercial value	100%	Nil
15.	Land located at Dao County, Yongzhou, Hunan Province, the PRC	No commercial value	100%	Nil
	Sub-total:	**Nil**		**Nil**

Group III — Property interests rented and occupied by the Group in Hong Kong

	Property	Market Value in existing state as at 30 September 2009	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 September 2009
16.	Units Nos. 10 and 12 on 11th Floor, Wayson Commercial Building, No. 28 Connaught Road West, Sheung Wan, Hong Kong	No commercial value	100%	Nil
17.	Units Nos. 7, 9 and 11 on 11th Floor, Wayson Commercial Building, No. 28 Connaught Road West, Sheung Wan, Hong Kong	No commercial value	100%	Nil
18.	Unit No. 5 on 11th Floor, Wayson Commercial Building, No. 28 Connaught Road West, Sheung Wan, Hong Kong	No commercial value	100%	Nil
	Sub-total:	**Nil**		**Nil**
	Grand total:	**RMB149,120,000 (equivalent to HK$169,250,000)**		**RMB149,120,000 (equivalent to HK$169,250,000)**

VALUATION CERTIFICATES

Group I — Property interests owned and occupied by the Group in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
1.	A parcel of land (Land Plot 1) located at Xinfeng County Industrial Park, Xinfeng County, Jiangxi Province, the PRC	The property comprises a parcel of land with a site area of approximately 75,333.7 sq.m. The property has been developed into a composite commercial and residential development. According to the Company, the property was completed in 2008 and accommodated 238 composite commercial and residential buildings. As at the date of valuation, there are 111 pre-sold buildings which the titles have not been transferred to the buyers and 3 unsold buildings with a total gross floor area of approximately 22,389.64 sq.m. The land use rights of the property have been granted for a term expiring on 13 August 2053 for composite use.	The property is currently vacant.	RMB75,570,000 (equivalent to HK$85,780,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 September 2009** RMB75,570,000 (equivalent to HK$85,780,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Xin Guo Yong (2007) Di No. 2500031-1), the land use rights of the property having a site area of approximately 75,333.7 sq.m. have been granted to Lucky Team Industrial (Ganzhou) Co., Ltd. ("Lucky Team (Ganzhou)") for a term expiring on 13 August 2053 for composite use.

2. Lucky Team (Ganzhou) is an indirect wholly-owned subsidiary of the Company.

3. The PRC legal opinion states, inter alia, the following:

   (i) Lucky Team (Ganzhou) legally owns the land use rights of the property and has the right to use, develop, lease, transfer, mortgage or dispose of the land use rights of the property in other legal ways in accordance with the law within the term of the land use rights of the property without paying additional land grant fee or obtaining the approval of the government authorities.

   (ii) Lucky Team (Ganzhou) has legally obtained the Planning Permit for Construction Land, the Planning Permit for Construction Works, the Permit for Commencement of Construction Works and the Commodity House Pre-sale Permit in accordance with the law. The development of the property is in compliance with the relevant law and Lucky Term (Ganzhou) has the right to pre-sell the commodity buildings in accordance with the law.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
2.	A parcel of land (Land Plot 2) located at Xinfeng County Industrial Park, Xinfeng County, Jiangxi Province, the PRC	The property comprises a parcel of land with a site area of approximately 31,333.5 sq.m. The land use rights of the property have been granted for a term expiring on 13 August 2053 for industrial use.	The property is currently vacant.	RMB8,150,000 (equivalent to HK$9,250,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 September 2009** RMB8,150,000 (equivalent to HK$9,250,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Xin Guo Yong (2007) Di No. 2500031-2), the land use rights of the property having a site area of approximately 31,333.5 sq.m. have been granted to Lucky Team Industrial (Ganzhou) Co., Ltd. ("Lucky Team (Ganzhou)") for a term expiring on 13 August 2053 for industrial use.

2. Lucky Team (Ganzhou) is an indirect wholly-owned subsidiary of the Company.

3. The PRC legal opinion states, inter alia, the following:

   (i) Lucky Team (Ganzhou) legally owns the land use rights of the property and has the right to use, lease, transfer, mortgage or dispose of the land use rights of the property in other legal ways in accordance with the law within the term of the land use rights of the property without paying additional land grant fee or obtaining the approval of the government authorities.

   (ii) Lucky Team (Ganzhou) has obtained the approval from the Xinfeng County State-owned Land Resources Bureau to extend the development time of the property to 31 December 2013.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
3.	A parcel of land (Land Plot 3) located at Xinfeng County Industrial Park, Xinfeng County, Jiangxi Province, the PRC	The property comprises a parcel of land with a site area of approximately 93,333.8 sq.m. The land use rights of the property have been granted for a term expiring on 22 July 2054 for industrial use.	The property is currently vacant.	RMB24,300,000 (equivalent to HK$27,580,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 September 2009** RMB24,300,000 (equivalent to HK$27,580,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Xin Guo Yong (2004) Zi Di No. 2500025), the land use rights of the property having a site area of approximately 93,333.8 sq.m. have been granted to Litian Biological Science & Technology Development (Xinfeng) Co., Ltd. ("Litian (Xinfeng)") for a term expiring on 22 July 2054 for industrial use.

2. Litian (Xinfeng) is an indirect wholly-owned subsidiary of the Company.

3. The PRC legal opinion states, inter alia, the following:

   (i) Litian (Xinfeng) legally owns the land use rights of the property and has the right to use, lease, transfer, mortgage or dispose of the land use rights of the property in other legal ways in accordance with the law within the term of the land use rights of the property without paying additional land grant fee.

   (ii) Litian (Xinfeng) has obtained the approval from the Xinfeng County State-owned Land Resources Bureau to extend the development time of the property to 31 December 2013.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
4.	An office building located at the east of Lanyuan Village, Lianzhou Town, Hepu County, Guangxi Zhuang Autonomous Region, the PRC	The property comprises a 10-storey building with a total gross floor area of approximately 6,450.19 sq.m. completed in or about 2008. The land use rights of the property have been granted for a term expiring on 27 September 2043 for commercial and residential uses.	The property is currently occupied by the Group as a headquarters of Lucky Team (Hepu).	RMB31,900,000 (equivalent to HK$36,200,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 September 2009** RMB31,900,000 (equivalent to HK$36,200,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: He Guo Yong (2008) Di No. 1691), the land use rights of the property having a site area of approximately 1,324.24 sq.m. have been granted to Lucky Team Biotech Development (Hepu) Ltd. ("Lucky Team (Hepu)") for a term expiring on 27 September 2043 for commercial and residential uses.

2. According to a Building Ownership Certificate (Document No. He Fang Quan Zheng Lianzhou Zi Di No. 00016882), the ownership rights of the property having a total gross floor area of approximately 6,450.19 sq.m. are vested in Lucky Team (Hepu).

3. Lucky Team (Hepu) is an indirect wholly-owned subsidiary of the Company.

4. Lucky Team (Hepu) has acquired the property on 16 July 2007 at a consideration of RMB2,585,000.

5. The PRC legal opinion states, inter alia, the following:

   (i) Lucky Team (Hepu) legally owns the land use rights and the building ownership rights of the property and has the right to use, lease, transfer, mortgage and dispose of the property in other legal ways in accordance with the law without paying additional land grant fee.

   (ii) The existing use of the property by Lucky Team (Hepu) is in compliance with its prescribed use.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
5.	A parcel of land located at Yinxingtuo Village, Maoping Town, Zigui County, Hubei Province, the PRC	The property comprises a parcel of land with a site area of approximately 29,875.45 sq.m. The land use rights of the property have been granted for a term expiring on 31 December 2056 for industrial use.	The property is currently vacant.	RMB9,200,000 (equivalent to HK$10,440,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 30 September 2009** RMB9,200,000 (equivalent to HK$10,440,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Zigui County Guo Yong (2008) Di No. 0290), the land use rights of the property having a site area of approximately 29,875.45 sq.m. have been granted to Lucky Team Biotech Development (Zigui) Ltd. ("Lucky Team (Zigui)") for a term expiring on 31 December 2056 for industrial uses.

2. Lucky Team (Zigui) is an indirect wholly-owned subsidiary of the Company.

3. Lucky Team (Zigui) has acquired the property on 23 September 2005 at a consideration of RMB9,141,270.

4. The PRC legal opinion states, inter alia, the following:

   (i) Lucky Team (Zigui) legally owns the land use rights of the property and has the right to use, lease, transfer, mortgage and dispose of the land use rights of the property in other legal ways within the term of the land use rights of the property without paying additional land grant fee.

Group II — Property interests rented and occupied by the Group in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
6.	Land, various buildings and structures located at Guangxi Citrus Farm, Hepu County, Guangxi Zhuang Autonomous Region, the PRC	The property comprises various buildings and structures erected on two sites (Wujia Town and Shiwan Town) with a total site area of approximately 46,253.098 mu (30,835,552.84 sq.m.). The above buildings and structures were completed in various stages between 1993 and 2009. The buildings has a total gross floor area of approximately 6,527.96 sq.m. The major buildings and structures include office buildings, warehouses, dormitories, green houses, pump houses, canteen, irrigation ponds, etc. The land use rights of the property is leased to the Group for a term of 50 years from 25 June 2000 to 25 June 2050 at an annual rental of RMB60/mu (RMB900/hectare) with the provision of rent review every three years.	The property is currently occupied by the Group as a citrus plantation base.	No commercial value

Notes:

1. According to various lease agreements and supplemental agreements ("Hepu Leases") and Certificates of Other Rights on Land (土地他項權利證明書), the land use rights of the property having a total site area of approximately 46,253.098 mu (30,835,552.84 sq.m.) have been leased to Newasia Global Limited ("Newasia") and used by Lucky Team Biotech Development (Hepu) Ltd. ("Lucky Team (Hepu)") for a term of 50 years from 25 June 2000 to 25 June 2050 for fruits planting use.

2. According to 3 Building Ownership Certificates (Document Nos.: He Fang Quan Zheng Wujia Zi Di Nos. 00011176 and 00011177 and He Fang Quan Zheng Shiwan Zi No. 00023995), the ownership rights of the buildings of the property having a total gross floor area of approximately 4,033.73 sq.m. are vested in Lucky Team (Hepu).

3. We have ascribed no commercial value to the property due to the fact that the land portion is leased by Lucky Team (Hepu) and cannot be freely transferred or mortgaged by the Group in the open market, which results in the building portion of the property not having any commercial value in the open market. However, for reference purposes, we are of the opinion that the depreciated replacement cost of various buildings and structures as at the date of valuation would be RMB76,300,000 (equivalent to approximately HK$86,600,000) assuming the land portion of the property is freely transferable in the open market.

4. Lucky Team (Hepu) is an indirect wholly-owned subsidiary of the Company.

5. The PRC legal opinion states, inter alia, the following:

   (i) The legal land use right holders of the property are entitled to lease the property to Newasia and the Hepu Leases are valid, effective and legally binding on both parties under the law of the PRC.

   (ii) Lucky Team (Hepu) legally owns the ownership rights of part of the buildings with a total gross floor area of approximately 4,033.73 sq.m. of the property.

   (iii) The remaining part of the buildings with a total gross floor area of approximately 2,494.23 has been registered with the Hepu County Real Estate Management Bureau. Lucky Team (Hepu) legally owns the ownership rights of that part of the buildings under the law of the PRC.

   (iv) The existing use of the property is in compliance with the prescribed uses. Lucky Team (Hepu) has the right to occupy and use the property during the term of the Hepu Leases and their rights to occupy and use the property are protected by the PRC laws.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2009
7.	Land, various buildings and structures located at Jiangxi Citrus Farm, Xinfeng County, Jiangxi Province, the PRC	The property comprises various buildings and structures erected on a site with a total site area of approximately 55,616.1 mu (37,077,585.39 sq.m.). The above buildings and structures were completed in various stages between 2003 and 2006. The buildings has a total gross floor area of approximately 1,377.54 sq.m. The major buildings and structures include office buildings, warehouses, dormitories, pump houses, irrigation ponds, etc. The land use rights of the property is leased to the Group for a term of 50 years from 25 September 2002 to 25 September 2052 at an annual rental of RMB60/mu.	The property is currently occupied by the Group as a citrus plantation base.	No commercial value

Notes:

1. According to a lease agreement ("Xinfeng Lease") and various Certificates of Other Rights on Land (土地他項權利證明書), the land use rights of the property having a total site area of approximately 55,616.1 mu (37,077,585.39 sq.m.) have been leased to Newasia Global Limited ("Newasia") and used by Litian (Xinfeng) for a term of 50 years from 25 September 2002 to 25 September 2052 for fruits planting use.

2. In the valuation of the property, we have attributed no commercial value to the property since the land use rights of the property are leased to the Group and the property cannot be freely transferred or mortgaged by the Group. However, for reference purposes, we are of the opinion that the depreciated replacement cost of various buildings and structures as at the date of valuation would be RMB32,000,000 (equivalent to approximately HK$36,300,000) assuming they could be freely transferred.

3. Newasia is a wholly-owned subsidiary of the Company.

4. The PRC legal opinion states, inter alia, the following:

   (i) The Xinfeng Lease and the Certificates of Other Rights on Land are legal, valid and effective and the Xinfeng Lease is legally binding on both parties under the law of the PRC.

   (ii) Litian (Xinfeng) owns the lawful rights to occupy and use the property during the term of the Xinfeng Lease and their rights to use the property are protected by the PRC laws.

   (iii) The existing use of the property is in compliance with the prescribed uses.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
8.	A parcel of land located at the east of Lanyuan Village, Lianzhou Town, Hepu County, Guangxi Zhuang Autonomous Region, the PRC	The property comprises a parcel of land with a site area of approximately 275 sq.m.	The property is leased to Lucky Team (Hepu) by 張軒強、張軒華, an independent third party, for a term of 15 years from 1 October 2008 to 30 September 2023 at an annual rent of RMB5,000. The property is occupied by the Group as a square.	No commercial value

Notes:

1. Lucky Team (Hepu) is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) Since the relevant documents to prove that the lessor has the legal rights to lease the property is not available to the Group's PRC legal adviser, the Group's PRC legal adviser is unable to comment on the validity of the tenancy agreement. As advised by the Company, the property is not crucial to the business and operations of the Group. In the event that the tenancy agreement is invalid, the Directors are of the opinion that it is not difficult for the Group to find a substitute property.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
9.	Levels 1 to 3, Block No. 11, Guizhou 2nd Street, Binhu Road, Maoping Town, Zigui County, Hubei Province, the PRC	The property comprises Levels 1 to 3 of a 3-storey building completed in or about 2003. The property has a gross floor area of approximately 273.97 sq.m.	The property is leased to Lucky Team (Zigui) by 杜峻, an independent third party, for a term from 28 August 2009 to 28 August 2010 at an annual rent of RMB40,000. The property is occupied by the Group as offices and staff quarters.	No commercial value

Notes:

1. Lucky Team Biotech Development (Zigui) Ltd. ("Lucky Team (Zigui)") is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) The tenancy agreement of the property is legal and valid and has been registered with the relevant government authorities.

   (ii) The lessor is entitled to lease the property to Lucky Team (Zigui).

   (iii) Lucky Team (Zigui) has the lawful rights to use the property during term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
10.	Levels 2 to 4, Nos. 9-11 Yingbin Road, Jiading Town, Xinfeng County, Jiangxi Province, the PRC	The property comprises Levels 2 to 4 of a 7-storey building completed in or about 2005. The property has a gross floor area of approximately 891.22 sq.m.	The property is leased to Lucky Team (Ganzhou) by 周文聖, an independent third party, for a term from 1 February 2008 to 30 January 2010 at a monthly rent of RMB6,215 from 1 February 2009. The property is occupied by the Group as staff quarters.	No commercial value

Notes:

1. Lucky Team (Ganzhou) is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) The tenancy agreement of the property is legal and valid and has been registered with the relevant government authorities.

   (ii) The lessor is entitled to lease the property to Lucky Team (Ganzhou).

   (iii) Lucky Team (Ganzhou) has the rights to use the property in accordance with the prescribed use.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
11.	3 units on Level 1, Nos. 9-11 Yingbin Road, Jiading Town, Xinfeng County, Jiangxi Province, the PRC	The property comprises 3 units on Level 1 of a 7-storey building completed in or about 2005. The property has a gross floor area of approximately 290.2 sq.m.	The property is leased to Lucky Team (Ganzhou) by 周文聖, an independent third party, for a term from 1 February 2008 to 30 January 2010 at a monthly rent of RMB1,980 from 1 February 2009. The property is occupied by the Group as sales office.	No commercial value

Notes:

1. Lucky Team (Ganzhou) is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) The tenancy agreement of the property is legal and valid and has been registered with the relevant government authorities.

   (ii) The lessor is entitled to lease the property to Lucky Team (Ganzhou).

   (iii) Lucky Team (Ganzhou) has the rights to use the property in accordance with the prescribed use.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
12.	Levels 1 to 4, No. 251 Daozhou Bei Road, Dao County, Yongzhou, Hunan Province, the PRC	The property comprises Levels 1 to 4 of a 4-storey building completed in or about 1995. The property has a gross floor area of approximately 161.5 sq.m.	The property is leased to Lucky Team (Yongzhou) by 鄭文新, an independent third party, for a term from 8 September 2009 to 7 September 2010 at an annual rent of RMB21,800. The property is occupied by the Group as offices, warehouses and staff quarters.	No commercial value

Notes:

1. Lucky Team Biotech Development Yongzhou Ltd. ("Lucky Team (Yongzhou)") is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) The tenancy agreement of the property is legal and valid and it is not necessary to register the tenancy agreement with the relevant government authorities during the validity period of the existing leasing permit.

   (ii) The lessor is entitled to lease the property to Lucky Team (Yongzhou).

   (iii) Lucky Team (Yongzhou) has the lawful rights to use the property as offices, warehouses and staff quarters during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
13.	Basement and Levels 1 to 4, No. 7 of Block 10, Lian Xi Shan Zhuang West Zone, Dao County, Yongzhou, Hunan Province, the PRC	The property comprises the basement and Levels 1 to 4 of a 4-storey building plus a basement completed in or about 1994. The property has a gross floor area of approximately 102 sq.m.	The property is leased to Lucky Team (Yongzhou) by 蔣業信, an independent third party, for a term from 25 February 2008 to 25 February 2010 at an annual rent of RMB6,000. The property is occupied by the Group as staff quarters.	No commercial value

Notes:

1. Lucky Team (Yongzhou) is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) The tenancy agreement of the property is legal and valid and has been registered with the relevant government authorities.

   (ii) The lessor is entitled to lease the property to Lucky Team (Yongzhou).

   (iii) Lucky Team (Yongzhou) has the lawful rights to use the property as staff quarters during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
14.	Portion of No. 3188 Wulong Road, Shanghai, the PRC	The property comprises a portion of a single storey building completed in or about 1998. The property has a gross floor area of approximately 60 sq.m.	The property is leased to the Company by 上海龍吳果品交易市場, an independent third party, for a term from 1 November 2007 to 31 October 2010 at a monthly rent of RMB6,000. The property is occupied by the Group as an office.	No commercial value

Notes:

1. The PRC legal opinion states, inter alia, the following:

   (i) Since the relevant documents to prove that the lessor has the legal rights to lease the property is not available to the Group's PRC legal adviser, the Group's PRC legal adviser is unable to comment on the validity of the tenancy agreement. As advised by the Company, the property is not crucial to the business and operations of the Group. In the event that the tenancy agreement is invalid, the Directors are of the opinion that it is not difficult for the Group to find a substitute property.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
15.	Land located at Dao County, Yongzhou, Hunan Province, the PRC	The property comprises a parcel of land with a total site area of approximately 12,282.01 mu (8,188,047.61 sq.m.).	According to various land turnover relationship contracts (土地承包經營權流轉合同), the land use rights of the property having a total site area of approximately 12,282.01 mu (8,188,047.61 sq.m.) have been leased to Newasia and used by Lucky Team (Yongzhou) for a term of 50 years from 1 June 2008 to 31 May 2058 for the land with a site area of approximately 5,093.66 mu and from 1 March 2009 to 28 February 2059 for the land with a site area of approximately 7,188.35 mu at an annual rental of RMB60/mu for fruits planting use. The property is currently developed by the Group as a citrus plantation base.	No commercial value

Notes:

1. Lucky Team (Yongzhou) is an indirect wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, inter alia, the following:

   (i) The farmer-households (承包方) are entitled to lease the property to Newasia and the land turnover relationship contracts are legal, valid, effective and legally binding on both parties under the law of the PRC.

   (ii) The existing use of the property is in compliance with the prescribed uses specified in the land turnover relationship contracts and Lucky Team (Yongzhou) has the lawful right to occupy and use the property within the term of the land turnover relationship contracts.

   (iii) The land turnover relationship contracts have been registered with the relevant government authorities.

Group III — Property interests rented and occupied by the Group in Hong Kong

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
16.	Units Nos. 10 and 12 on 11th Floor, Wayson Commercial Building, No. 28 Connaught Road West, Sheung Wan, Hong Kong	The property comprises 2 office units on the 11th Floor of a 26-storey commercial building completed in or about 1982. The property has a total gross floor area of approximately 1,625 sq.ft. (150.97 sq.m.).	The property is leased to Asian Citrus (H.K.) Company Limited ("Asian Citrus HK") by Alpha Best Limited, a connected party, for a term from 1 November 2009 to 31 October 2010 at a monthly rent of HK$18,040, exclusive of management fee, rates and government rent. The property is occupied by the Group as office.	No commercial value

Notes:

1. According to the Land Registry record, the current registered owner of the property is the lessor, Alpha Best Limited.

2. Asian Citrus HK is an indirect wholly-owned subsidiary of the Company.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
17.	Units Nos. 7, 9 and 11 on 11th Floor, Wayson Commercial Building, No. 28 Connaught Road West, Sheung Wan, Hong Kong	The property comprises 3 office units on the 11th Floor of a 26-storey commercial building completed in or about 1982. The property has a total gross floor area of approximately 1,608 sq.ft. (149.39 sq.m.).	The property is leased to Asian Citrus (H.K.) Company Limited ("Asian Citrus HK") by Pan Air and Sea Forwarders (HK) Limited, a connected party, for a term from 1 August 2009 to 31 July 2010 at a monthly rent of HK$24,240, exclusive of management fee, rates and government rent. The property is occupied by the Group as office.	No commercial value

Notes:

1. According to the Land Registry record, the current registered owner of the property is the lessor, Pan Air and Sea Forwarders (HK) Limited.

2. Asian Citrus HK is an indirect wholly-owned subsidiary of the Company.

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2009
18.	Unit No. 5 on 11th Floor, Wayson Commercial Building, No. 28 Connaught Road West, Sheung Wan, Hong Kong	The property comprises an office unit on the 11th Floor of a 26-storey commercial building completed in or about 1982. The property has a gross floor area of approximately 618 sq.ft. (57.41 sq.m.).	The property is leased to Asian Citrus (H.K.) Company Limited ("Asian Citrus HK") by Ling Wan Kuang, an independent third party, for a term from 15 January 2009 to 14 January 2011 at a monthly rent of HK$6,600, exclusive of management fee, rates and government rent. The property is occupied by the Group as office.	No commercial value

Notes:

1. According to the Land Registry record, the current registered owner of the property is the lessor, Ling Wan Kuang.

2. The lease agreement was signed by Chan San Kin on behalf of the lessor. A copy of a power of attorney dated 17 September 1985 signed by the lessor was produced by the Company.

3. Asian Citrus HK is an indirect wholly-owned subsidiary of the Company.

Set out below is a summary of certain provisions of the Memorandum and Bye-laws of the Company and of certain aspects of Bermuda company law and the AIM Rules.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Ordinary Shares, respectively held by them and that the Company is an exempted company as defined in the Bermuda Companies Act. Clause 6 of the Memorandum of Association also sets out the objects for which the Company was formed, including acting as a holding and investment company, and its powers, including the powers set out in the First Schedule to the Bermuda Companies Act, excluding paragraph 8 thereof and clause 7 of the Memorandum of Association sets out the powers of the Company. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Bermuda Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The share capital of the Company consists of the Shares and the Bye-laws were adopted on 2 November 2009. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) *Power to issue shares and warrants and pre-emption rights*

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Subject to the Bermuda Companies Act and to any special rights conferred on the holders of any shares or class of shares, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. Subject to the Bye-laws, the Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

The Board may not exercise any power of the Company to allot shares in the Company (other than shares allotted in pursuance of an employees' share scheme) or grant any right to subscribe for, or to convert any security into, shares in the Company (a) without prior authorisation from the Company in general meeting and (b) unless the Company has made an offer of such shares or right to subscribe for, or to convert securities into, shares in the Company to certain existing shareholders of the Company in accordance with the Bye-laws.

Subject to the provisions of the Bermuda Companies Act, the Bye-laws relating to authority, pre-emption rights or otherwise, any direction that may be given by the Company in general meeting and, where applicable, the AIM Rules and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and on such terms and conditions as the Board may in its absolute discretion determine, but so that no shares shall be issued at a discount.

(ii) ***Power to dispose of the assets of the Company or any of its subsidiaries***

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Bermuda Companies Act to be exercised or done by the Company in general meeting.

(iii) ***Compensation or payments for loss of office***

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) ***Loans and provision of security for loans to Directors***

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Bermuda Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda company law" in paragraph 4 below.

(v) ***Financial assistance to purchase shares of the Company***

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Bermuda Companies Act.

(vi) ***Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Bermuda Companies Act, upon such terms as the Board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company.

Subject to the Bermuda Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement with the Company shall declare in accordance with the Bermuda Companies Act the nature of his interest at the meeting of the Board at which the question of entering into the transaction is first taken into consideration or if the Director did not at the date of that meeting know his interest existed in the transaction, at the first meeting of the Board after he knows that he is or has become interested.

Save as provided in the Bye-laws, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal in which he has an interest which (together with any interest of any person connected with him) is a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is prohibited from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) on any resolution including:

(aa) the giving of any security or indemnity to such Director or his associates in respect of money lent or obligations incurred by him or his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associates has himself/themselves assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer the Director or his associates is/are to be interested as a participant in the underwriting or sub-underwriting thereof;

(dd) any contract, arrangement, transaction or other proposal concerning any other company in which the Director or his associates is/are interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that the Director or his associates is/are not the holder of or beneficially interested in one per cent or more of any class of the equity share capital of such company (or of a third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for this purpose to be a material interest in all circumstances);

(ee) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme or employees' share scheme under which the Director or his associates may benefit and which either relates to both employees and Directors or their associates or has been approved by or is subject to and conditional upon approval by the Board of the Inland Revenue of the United Kingdom for taxation purposes;

(ff) any contract, arrangement, transaction or proposal concerning the adoption modification or operation of any scheme for enabling employees including full time executive Directors of the Company and/or any subsidiary or their associates to acquire shares of the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director or his associates benefits in a similar manner to employees and which does not accord to any Director or his associates as such any privilege not accorded to the employees to whom the scheme relates; and

The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or other officers or servants of such other company, or voting or providing for the payment of remuneration to such officers or servants.

(vii) ***Remuneration***

Directors are to be paid out of funds of the Company for their services subject to such limit (if any) as the Directors may from time to time determine not exceeding the aggregate annual sum of HK$5 million as currently prescribed in the Bye-laws (excluding amounts payable under other provisions of the Bye-laws) or such larger amount as the Company by ordinary resolution may determine.

The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (but not by way of a commission on, or percentage of, operating revenue, profits or otherwise unless with the prior approval of the members) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) ***Retirement, appointment and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement by rotation every three years. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Neither a Director nor an alternate Director is required to held any Shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director 14 days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ix) ***Borrowing powers***

The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Bermuda Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) **Alterations to constitutional documents**

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Bermuda Companies Act:

(i) increase its share capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(iii) divide its share capital into several classes of shares and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

(v) change the currency denomination of its share capital;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by ordinary resolution, subject to any confirmation or consent required by law, reduce its issued share capital or, save for the use of share premium as expressly permitted by the Bermuda Companies Act, any share premium account or other undistributable reserve.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Bermuda Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person (or in the case of a member being a corporation, its duly authorised representative) or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

(e) **Special resolution-majority required**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the HKSE, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and not less than ten (10) clear business days has been given.

(f) **Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or, being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

Where a Member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation.

Where the Company has knowledge that any Member is, under the rules of the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

(g) **Convening of special general meeting on requisition**

Members holding at the date of deposit of the requisition no less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition and such a meeting must be held within two months after the deposit of such requisition. If the Board does not within twenty-one days from the date of the deposit of the requisition proceed to convene such a meeting, the requisitionists themselves may convene a meeting but any meeting so convened cannot be held after the expiration of three months from the said date.

(h) **Corporate representatives**

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company. The person so authorised is entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of the Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(i) **Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the AIM Rules and/or the Listing Rules) at such place as may be determined by the Board.

(j) **Accounts and audit**

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Bermuda Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office of the Company or, subject to the Bermuda Companies Act, at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

Subject to the Bermuda Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least 21 days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Bermuda Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the AIM Rules and/or the Listing Rules, the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to the summarised financial statements, a complete printed copy of the Company's annual financial statement and the Directors' report thereon.

Subject to the Bermuda Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(k) **Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(l) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the London Stock Exchange and/or the HKSE or in such other form as the Board may approve. The instrument of transfer (which need not be under seal) must be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Bermuda Companies Act.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists (provided that the refusal does not prevent dealings in shares of that class in the Company taking place on an open and proper basis), and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as prescribed in the AIM Rules and/or the Listing Rules to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The Board may, subject to applicable laws and if permitted by the Bermuda Companies Act, permit shares of any class held in uncertificated form to be transferred without an instrument of transfer by means of a relevant system, including CREST.

The registration of transfers of shares may be suspended at such times and for such periods as the Board may determine and either generally or in respect of any class of shares provided that the register of members shall not be closed for more than 30 days in any year.

(m) **Power for the Company to purchase its own shares**

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that, subject to authorisation by members at a general meeting by way of a special resolution, the power is exercisable by the Board upon such terms and conditions as it thinks fit provided that the aggregate nominal value of the shares of the Company that may be purchased must not exceed the amount determined by the members.

(n) **Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(o) **Dividends and other methods of distribution**

Subject to the Bermuda Companies Act, the Board may declare dividends in any currency to be paid to the members. The Board may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Bermuda Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

(p) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(q) **Call on shares and forfeiture of shares**

Subject to the Bye-laws and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them, respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than 14 clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding 20 per cent. per annum as the Board determines.

(r) **Inspection of register of members**

The register and branch register of members shall be open to inspection on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection, unless the register is closed in accordance with the Bermuda Companies Act.

(s) **Quorum for meetings and separate class meetings**

For all purposes the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(t) **Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) below.

(u) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be an ordinary resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of an ordinary resolution and any other sanction required by the Bermuda Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(v) **Untraceable members**

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in newspapers giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the London Stock Exchange and/or the HKSE has been notified of such intention (if applicable). The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such amount, it shall become indebted to the former member of the Company for such amount.

(w) **Failure to disclose interests in shares**

If any member, or any other person with an interest in a member's shares, has been duly served with a disclosure notice by the Company requiring that person to give particulars of his past or present interest in the Company' shares and is in default for 14 days in supplying the Company with the information required, then, unless the Directors determine otherwise, that member will not, for so long as the default continues, be entitled to attend or vote, either personally or by proxy, at a general meeting of members or to exercise any other right conferred on members in relation to members' meetings in respect of the shares to which the default relates (the "Default Shares"). Where the Default Shares represent at least 0.25 per cent. of the share capital of the Company, the Board may direct that (1) any dividend or other money that otherwise would be payable in respect of the Default Shares will be retained by the Company, without any liability to pay interest when such money is finally paid to the member; and (2) no transfer of any of the Default Shares held by the member will be registered unless the member is not himself in default in supplying the information required and the transfer is only part of the member's holding and the member proves to the satisfaction of the Board that no person in default as regard supplying such information is interested in any shares the subject of the transfer.

(x) **Share control limits**

Except in certain situations as prescribed in the Bye-laws, a person may not (1) whether by himself, or with persons determined by the Board to be acting in concert with him ("associated persons"), acquire shares which, taken together with shares held or acquired by such associated persons, carry thirty per cent or more of the voting rights attributable to ordinary shares of the Company; or (2) whilst he, together with associated persons, holds not less than thirty but not more than fifty per cent of the voting rights attributable to Ordinary Shares of the Company, acquire, whether by himself or with associated persons, additional shares which, taken together with shares held by associated persons, increases his voting rights attributable to ordinary shares of the Company. The Board has full authority to determine the application of the Bye-laws relating to share control limits and may take such action as it thinks fit to enforce the Bye-laws relating to share control limits.

There are no mandatory takeover bids under the Bye-laws or Bermuda law but the "squeeze out" of minority shareholders may be effected pursuant to schemes of arrangement, general offers, amalgamations and in situations where a member or a group of members together hold 95 per cent. of the issued shares of the Company.

Note: It is currently understood that the City Code on Takeovers and Mergers (the "Takeover Code") will not apply to the Company and therefore, a takeover of the Company will be unregulated by the UK takeover authorities. The Bye-laws contain certain takeover protections, as described above although these will not provide the full protections afforded by the UK Takeover Code.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of 21 clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

4. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Bermuda Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Bermuda Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares to be issued to members of the company as fully paid bonus shares; or

(ii) in writing off:

  (aa) the preliminary expenses of the company; or

  (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Bermuda Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Bermuda Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares;

and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Bermuda Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Bermuda Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye laws pursuant to section 42A of the Bermuda Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a document in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Bermuda Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Bermuda Companies Act requires that every officer should comply with the Bermuda Companies Act, regulations passed pursuant to the Bermuda Companies Act and the bye laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Bermuda Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Bermuda Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Bermuda Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members.

The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Bermuda Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarised financial statements instead. The summarised financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Bermuda Companies Act. The summarised financial statements sent to the company's members must be accompanied by an auditor's report on the summarised financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarised financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than 21 days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within 7 days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than 7 days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within 15 days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Bermuda Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28 March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a 20% interest, without the consent of any member or members holding in aggregate not less than nine tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98 (2)(c) of the Bermuda Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Bermuda Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two hours in each day by members of the public without charge. If summarised financial statements are sent by a company to its members pursuant to section 87A of the Bermuda Companies Act, a copy of the summarised financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

5. AIM RULES AND RELEVANT UK LEGISLATION

Sets out below are the relevant UK laws and regulations applicable to the Shareholders in Hong Kong.

AIM Rules

The AIM Rules represent an agreement between the London Stock Exchange plc and an AIM-traded company. The AIM Rules do not give shareholders of an AIM-traded company legal rights to enforce compliance with the AIM Rules under that agreement, nor do the AIM Rules give such shareholders legal obligations, risks or liabilities themselves for compliance with the AIM Rules. Shareholders of an AIM-traded company must, to the extent applicable, comply with general UK securities and other laws and must take responsibility for themselves for compliance with UK tax laws if, for example, tax resident in the UK or otherwise subject to UK tax laws.

A failure by an AIM-traded company to comply with the AIM Rules is enforceable by the London Stock Exchange plc and may have adverse legal consequences for the company under general UK securities and other laws. The AIM Rules will continue to apply to the Company while its Shares are traded on AIM.

Pursuant to the AIM Rules, the Company (rather than its Shareholders) will have certain continuing obligations including:

- disclosure obligations concerning price-sensitive information;
- specific disclosure obligations concerning among other matters (i) the interests of directors in the Company's shares, (ii) changes in the holdings of significant shareholders and (iii) changes in directors;
- the maintenance of a website containing certain prescribed information;

- the preparation of annual reports and accounts within six months of the end of each year and a half-yearly report within three months of the end of the relevant financial period;

- notification obligations regarding "substantial transactions" and "related party transactions" (each as defined in the AIM Rules) and, in the case of a "related party transaction", a requirement for a public statement that with the exception of any director who is involved in the transaction as a related party, the Company's directors consider, having consulted with its nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned;

- the requirement for shareholder consent for a "reverse takeover" or a "fundamental change of business" (each as defined in the AIM Rules) or, except in limited circumstances, the cancellation of the Company's trading facility on AIM;

- restrictions on the buyback of Company shares during "close periods" (as defined in the AIM Rules) and restrictions on dealings in the Company's securities by directors and applicable employees during a close period; and

- the obligation to have a nominated adviser and a broker (being a member firm of the LSE).

UK Insider Dealing Regime

The offences outlined below are criminal offences carrying, on conviction, a fine and/or a sentence of up to seven years' imprisonment. They will apply to all Shareholders. It is also possible that an insider dealer could face civil sanctions such as being called to account for the profits made by such insider dealing.

Part V of the UK Criminal Justice Act 1993 contains the UK's insider dealing regime. It is a criminal offence to:

- deal in listed securities when in possession of inside information;

- encourage another to deal in listed securities when in possession of inside information; or

- disclose inside information otherwise than in the proper performance of the functions of an employment, office or profession.

An individual is not guilty of the dealing offence unless:

- he was within the UK at the time of the alleged dealing, or any part of it; or

- the relevant professional intermediary was within the UK at the time of the relevant allegation.

An individual is not guilty of the encouraging or disclosing offences unless:

- he was within the UK at the time of the alleged encouragement or disclosure; or
- the alleged recipient of the encouragement or information was within the UK at the time when he is alleged to have received encouragement or information.

UK Market Abuse Regime

Market abuse offences include insider dealing, improper disclosure of inside information, misuse of information, manipulating transactions, manipulating devices, false or misleading dissemination, misleading behaviour or market distortion. A market abuse offence can be committed anywhere if it relates to (among other things) shares traded on AIM (as in the case of the Company).

If the UK Financial Services Authority is satisfied that a person is or has engaged in market abuse or by taking or refraining from taking any action has required or encouraged another person or persons to engage in behaviour which, if engaged in by that person, would amount to market abuse, it may impose on him a penalty of such amount as it considers appropriate. Alternatively, the UK Financial Services Authority may publicly censure the person who has engaged in market abuse.

This summary is general in nature and is not intended to be exhaustive. Nothing in this summary should be regarded as advice on such matters and prospective investors who are in doubt should consult their own professional advisers.

Takeovers

The City Code on Takeovers and Mergers (which regulates takeovers of certain companies with registered offices or central management and control in the UK, the Channel Islands and the Isle of Man) is not applicable to acquisitions of the Company's shares, notwithstanding that the Company is traded on the London Markets.

Principal differences between the continuing obligations pursuant to the Listing Rules and the AIM Rules

The following table sets out the principal differences between the continuing obligations pursuant to the Listing Rules and the AIM Rules. The PLUS Rules for issuers do not apply to the Company as the Shares are already admitted to trading on AIM and are therefore traded on the PLUS secondary market to which the PLUS Rules for issuers do not apply.

MATTER	LISTING RULES	AIM RULES
Disclosure of interests in shares	The Listing Rules require that the interests held by directors and chief executives and substantial shareholders (i.e. shareholders interested in 10% or more of the voting power) be disclosed in annual reports, interim reports and circulars of the listed company. The SFO provides that substantial shareholders (i.e. shareholders interested in 5% or more of the shares in the listed company) are required to disclose their interest, and short positions, in the shares of the listed company. Directors and chief executives of a listed company are required to disclose their interest and short position in any shares in a listed company (or any of its associated companies) and their interest in any debentures of the listed company (or any of its associated companies).	A company must announce relevant changes to holdings by significant shareholders (shareholders holding 3% or more) and directors, insofar as it has such information. The Bye-laws provide that any person is obliged to notify the Company when they acquire an interest of 3% or more of any class of the Company's shares and to otherwise comply with provisions similar to those contained in Chapter 5 (Vote Holder and Issuer Notification Rules) of the Disclosure Rules and Transparency Rules dated April 2007, as published by the FSA. Notification must be made within two days following the day on which the obligation arises and a further notification must be made following any subsequent change to the nature of the relevant interests in such shares. Under the Bye-laws, certain disenfranchise provisions apply if a person so interested fails to make the necessary disclosure.

MATTER	LISTING RULES	AIM RULES
Transactions with persons in a position of influence/ Connected Persons/ related parties	Under the Listing Rules, a listed company must publicly disclose a transaction entered into between the listed company or one of its subsidiaries and a Connected Person. Generally, a public announcement, a circular and independent shareholder approval are required unless one of the de minimals or other exemptions apply. The term "Connected Person" is very widely defined under the Listing Rules and include directors, chief executive, substantial shareholders (i.e. shareholders interested in 10% or more of the listed company or any of its subsidiaries), associates of directors, chief executive or substantial shareholders, non-wholly-owned subsidiaries of the listed company and its subsidiaries.	A company must announce the terms of any transaction with a related party which exceeds 5%. of any of certain class tests. The directors must state that they consider, having consulted with the company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as the company's shareholders are concerned. The term "related party" is defined in the AIM Rules and includes: (a) a director of the company, or any other company which is its subsidiary or its parent undertaking, or any subsidiary of its parent undertaking; (b) a substantial shareholder (i.e. a shareholder interested in 10% or more of the company); and (c) an associate of (a) or (b).
Substantial transactions	The Listing Rules provides for disclosure requirements in respect of notifiable transactions. An announcement (and circular if any of the size tests exceeds 25%) is required if the result of any of the size tests exceeds 5%.	A company must issue notification without delay as soon as the terms of any substantial transaction are agreed (being a transaction which exceeds 10% in one of certain class tests).

MATTER	LISTING RULES	AIM RULES
Reverse Takeovers	Under the Listing Rules, if a transaction is classified as a reverse takeover, the listed company must, among other things: — make a public announcement — dispatch a circular to shareholders — obtain shareholders' approval (any shareholders and his associates must abstain from voting if such shareholder has a material interest in the transaction) — produce an accountants' report for the 3 preceding years on an business, company or companies being acquired — comply with the procedures and requirements for new listing applications, including issuing a listing document	Any agreement which would effect a reverse takeover must be: — conditional on shareholder consent; — announced without delay; and — accompanied by the publication of an admission document in respect of the proposed enlarged entity and convening the required general meeting. A reverse takeover pursuant to the AIM Rules is an acquisition or acquisitions in a twelve month period which for a company would: — exceed 100% in any of certain class tests; — result in a fundamental change in its business, board or voting control; or — in the case of an investing company, depart substantially from the investing strategy stated in its admission document or, where no admission document was produced on admission, depart substantially from the investing strategy stated in its pre-admission announcement or, depart substantially from the investing strategy most recently stated in a circular.

MATTER	LISTING RULES	AIM RULES
Disposals resulting in a fundamental change of business	If any disposal results in any of the size tests to be 75% or more, such disposal or series of disposals must be made conditional on shareholders approval. A listed company is also required to issue an announcement and circular containing applicable requirements set out under Chapter 14 of the Listing Rules. The Listing Rules also prohibit disposals in the period of 12 months from the date of listing on the HKSE which would result in a fundamental change in the principal business activities of a listed company	Any disposal by a company which, when aggregated with any other disposal or disposals over the previous twelve months, exceeds 75% in any of certain class tests, is deemed to be a disposal resulting in a fundamental change of business and must be: — conditional on the consent of its shareholders being given in general meeting; — announced without delay disclosing certain information and insofar as it is with a related party, the additional information required pursuant to the related party rule set out above; and — accompanied by the publication of a circular containing the information specified above and convening the general meeting.
Continuous Disclosure	Under the Listing Rules, a listed company has an obligation of disclosure (either to the HKSE and/or to the public) in a wide range of situations including the following: — price sensitive information — notifiable transactions, connected transactions and takeover offers	A company must announce without delay any new developments which are not public knowledge concerning a change in: — its financial condition; — its sphere of activity; — the performance of its business; or — its expectation of its performance,

MATTER	LISTING RULES	AIM RULES
	— provide advance and financial assistance to third parties — entering into a loan agreements with covenants relating to specific performance of the controlling shareholder or breach of a loan agreement by the listed company — change in auditors and the financial year; publishing annual and interim results — change in its company name, constitutional documents, registered address, share registrar, compliance adviser and agent for the service of process in Hong Kong — issue of dividends — withdrawal of listing — setting up of an audit committee — change in board composition, company secretary — making loans to directors — book closure — making a bonus issue, issue of convertible securities, warrants and options	which, if made public, would be likely to lead to a substantial movement in the price of its securities. A company must also announce: — director share dealings; — changes to the shareholdings of any significant shareholder (being a shareholder of 3% or more); — director changes; — accounting reference date change; — registered office change; — name change; — material change between actual trading performance or financial condition and any profit forecast, estimate or projection; — any decision to make any payment in respect of securities; — reason for admission or cancellation of any securities; — occurrence and number of shares taken into and out of treasury; — change to nominated adviser or broker;

MATTER	LISTING RULES	AIM RULES
	— issue of shares or issue of shares by subsidiaries so as to dilute the equity interest of the listed company — a placing of new shares for cash — public float falling below 25% — proposing a rights issue or open offer — pledging of shares by controlling shareholder	— website address; — admission to trading or cancellation from trading of any securities on any other exchange. Information must also be submitted separately to the HKSE. A company must maintain a website containing certain information.
Corporate Governance	The Code on Corporate Governance Practices ("CGC") in the Listing Rules sets out principles of good corporate governance. The listed company is expected to comply with, but may choose to deviate from, the code provisions under the CGC, while the recommended best practices under the CGC are for guidance only. The listed company is also required to issue to shareholders an annual corporate governance report. The CGC sets out principles relating to matters including: — the responsibility and the composition of the board of directors — the appointment, re-election and removal of directors	There is no compulsory regime for a company although it is common for AIM traded companies to adhere to a corporate governance code. In the case of the Company, it intends to comply with the Combined Code (being the Principles of Good Governance and Code of Best Practice annexed to the Listing Rules of the UK Listing Authority) so far as is practicable and appropriate for a public company of its size and nature quoted on AIM.

MATTER	LISTING RULES	AIM RULES
	— remuneration of directors and senior management — accountability and audit — delegation by the board — communication with shareholders — voting by poll	
Continuing Obligations	Chapter 13 of the Listing Rules sets out certain continuing obligations of a listed company, which include continuing obligation of disclosure as mentioned above.	The AIM Rules contain certain continuing obligations for a company which include the continuing disclosure obligations set out above and provisions relating to (i) substantial transactions (as set out above), (ii) related party transactions (as set out above), (iii) major disposals (as set out above), (iv) annual and half-yearly result reporting, (v) director and senior employee dealing restrictions and (vi) the requirement to maintain a nominated adviser and broker at all times.
Compliance Adviser/ Nomad	Under the Listing Rules, a listed company must appoint a compliance adviser for the period commencing on the date of initial listing of the listed company's equity securities until the publication of the listed company's accounts for its first full year commencing after the date of its initial listing.	If a company ceases to have a nominated adviser at any time, the LSE will suspend trading in its AIM securities. If within one month of that suspension a company fails to appoint a replacement nominated adviser, the admission of its shares will be cancelled. The nominated adviser is responsible to the LSE for assessing the appropriateness of a company for admission to AIM.

MATTER	LISTING RULES	AIM RULES
	The listed company must seek advice from the compliance adviser if it wishes to undertake certain specific matters such as issuing a regulatory announcement or entering into a transaction, which might be required to be publicly disclosed or connected transaction.	The nominated adviser is also responsible to the LSE for advising and guiding an AIM company on its responsibilities under the AIM Rules both in respect of its admission and its continuing obligations on an ongoing basis. A nominated adviser must be available to advise and guide AIM companies for which it acts at all times.
Enforcement Rules (Power to obtain information/censure (privately or publicly)/fine/ suspend trading)	Under the Listing Rules, the HKSE may at any time suspend dealings in any securities or cancel the listing of any securities as it considers necessary for the protection of the investor or the maintenance of an orderly market. In addition, the HKSE may also issue a private reprimand or public censure as a result of a breach of the Listing Rules.	The LSE may require a company to provide it with such information in such form and within such time limit as it considers appropriate. The LSE can: — issue a warning notice; — fine the company; — censure the company; — publish the fact that the company has been fined and/or censured and the reasons for such fine or censure; and/or — cancel the company's admission to trading on AIM.

MATTER	LISTING RULES	AIM RULES
Delisting	Under the Listing Rules, if a listed company is unable to carry out a sufficient level of operation or does not have tangible assets of sufficient value or intangible assets for which a sufficient potential value can be demonstrated to warrant the continued listing of the company's securities on the HKSE, trading in the securities of the listed company may be suspended at the request of the listed company or at the direction of the HKSE. Listing will be cancelled if trading in the securities of the listed company is suspended for a prolonged period and the listed company is unable to take adequate action to obtain restoration of listing.	Under the AIM Rules, delisting is conditional upon the consent of not less than 75%. of votes cast by shareholders or where AIM securities are suspended for six months (subject to certain exceptions).

6. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Bermuda Companies Act, is available for inspection as referred to in "Appendix V — Documents Available for Inspection" of this document. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

Fladgate LLP, the Company's legal counsel on English law, has issued a letter of advice confirming that it has reviewed the above summary of the AIM Rules as they apply to the Company and that, in its opinion, that summary is accurate. This letter is available for inspection as referred to in "Appendix V — Documents Available for Inspection" of this document.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of the Company

The Company was incorporated in Bermuda under the Bermuda Companies Act on 4 June 2003. The Company is an "exempted company" under the Bermuda Companies Act. As an "exempted company", the Company is authorised to carry on business outside Bermuda from a place of business in Bermuda but may not, without a specified licence granted by the Minister of Finance, or in certain circumstances permitted by the Bermuda Companies Act, conduct business within Bermuda.

The Company has established a principal place of business in Hong Kong at Room 1109-1111, Wayson Commercial Building, 28 Connaught Road West, Hong Kong. The Company was registered as an oversea company (now a non-Hong Kong company) in Hong Kong under Part XI of the Companies Ordinance on 23 August 2004 (with its corporate name changed and registered under the name of Asian Citrus Holdings Limited 亞洲果業控股有限公司 on 22 September 2004), with Mr. Tong Wang Chow of Flat D, 10th Floor, Block 2, Estoril Court, 55 Garden Road, Hong Kong appointed as the authorised representative of the Company to accept service of legal process and notices on behalf of the Company in Hong Kong. The address for service of legal process and notices in Hong Kong is Room 1109-1111, Wayson Commercial Building, 28 Connaught Road West, Hong Kong.

As the Company was incorporated in Bermuda with its Shares admitted to trading on AIM and the PLUS Market in England, it operates subject to the relevant laws of Bermuda, England and its constitution, which comprises the Memorandum and the current Bye-laws. A summary of certain provisions of the Memorandum and Bye-laws and aspects of Bermuda company law are set forth in Appendix III to this document.

2. Changes in the share capital of the Company

The following changes in the share capital of the Company have taken place within the two years immediately preceding the date of this document:

(a) On 4 January 2008, the Directors passed a resolution to issue 10,200 shares of HK$0.10 each in the capital of the Company on the exercise of 10,200 share options granted by the Company under the Share Option Scheme.

(b) On 18 June 2008, the Directors passed a resolution to issue 150,000 shares of HK$0.10 each in the capital of the Company to Evolution Securities China Limited.

(c) On 19 December 2008, the Directors passed a resolution to issue 2,699,022 shares of HK$0.10 each in the capital of the Company to the then Shareholders as scrip dividend shares.

(d) On 2 November 2009, the Shareholders passed a resolution to subdivide the then existing issued and unissued shares of HK$0.10 each into ten shares of HK$0.01 each so that the authorised share capital of the Company would be HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each.

As at the Latest Practicable Date, the issued share capital of the Company was HK$7,705,598 divided into 770,559,800 Shares.

At the annual general meeting of the Company held on 12 December 2008, a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to the requirement that the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors, otherwise than pursuant to a rights issue or upon the exercise of rights of subscription or conversion under the outstanding warrants to subscribe for shares of the Company or any securities which are convertible into shares of the Company or the share option scheme of the Company or any scrip dividend in lieu of the whole or part of a dividend on shares of the Company, shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at 12 December 2008. Such mandate to issue shares of the Company will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or (iii) the revocation or variation of the authority given under the aforementioned resolution by an ordinary resolution of the Shareholders in general meeting. In the event that the Directors determine to exercise such issue mandate after Listing, the Directors will not exercise such mandate to exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at 12 December 2008 so that the maximum number of Shares which may be issued are 74,356,950 Shares (then 7,435,695 shares of HK$0.10 each in the capital of the Company). After Listing, the Company will comply with all relevant requirements under Rule 13.36 of the Listing Rules.

Other than the issue of Shares under the Share Option Scheme and the Post Listing Share Option Scheme, the Directors have no present intention to issue any part of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders in a general meeting, no issue of Shares will be made which would effectively alter the control of the Company within twelve months from the Listing Date.

3. Resolutions of the Shareholders passed on 2 November 2009

On 2 November 2009, the following resolutions were passed by the Shareholders as ordinary resolutions:

(a) that each of the then existing issued and unissued shares of HK$0.10 each be subdivided into ten shares of HK$0.01 each so that the authorised share capital of the Company would be HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each and any director of the Company be and was authorised to sign and execute such documents and do all such acts and things incidental to such subdivision or as he considered necessary, desirable or expedient in connection with the implementation of or giving effect to such subdivision; and

(b) that, subject to the commencement of the dealings of the Shares on the Main Board of the Stock Exchange, the terms of the Post Listing Share Option Scheme produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be approved.

On the same day, the Shareholders passed the following resolution as a special resolution:

(c) that, the bye-laws produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the bye-laws of the Company in substitution for, and to the exclusion of, the then existing bye-laws of the Company.

4. Changes in the share capital of the subsidiaries of the Company

The Company's subsidiaries are referred to in the Accountants' Report, the text of which is set forth in Appendix I to this document. Save as disclosed in this document, there has been no alteration in the share capital of any subsidiary of the Company within the two years immediately preceding the date of this document.

5. Repurchase of its own securities by the Company

This section includes the information required by the HKSE to be included in this document concerning the repurchase by the Company of its own securities.

AIM Rules

The purchase or early redemption by the Company of its securities admitted to trading on AIM must not be made during a "close period". For these purposes, a "close period" is:

(i) the period of two months preceding the publication of the Company's annual results (or, if shorter, the period from its year end to the time of publication) and the period of two months immediately preceding the notification of its half-yearly report (or, if shorter, the period from the relevant financial period and to the time of publication);

(ii) any other period when the Company is in possession of unpublished price sensitive information; or

(iii) any time it has become reasonably probable that information will be required by the AIM Rules to be notified to the market.

Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the HKSE to repurchase their securities on the HKSE, subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

All proposed repurchases of shares on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

Under the Listing Rules, the shares which are proposed to be repurchased by a company must be fully paid up.

Pursuant to resolutions passed on 12 December 2008, an unconditional general mandate was given to the Directors authorising them to exercise all the powers of the Company to repurchase issued shares in the capital of the Company of not more than 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue on 12 December 2008 so that the maximum number of Shares which may be repurchased are 74,356,950 Shares (then 7,435,695 shares of HK$0.1 each in the capital of the Company), such mandate to expire at the conclusion of the next annual general meeting of the Company, or the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or the earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

(c) Funding of repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Bye-laws, the Listing Rules and the applicable laws of Bermuda. The Company shall not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by the Company may only be effected out of the capital paid up on the purchased shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

On the basis of the current financial position of the Company as disclosed in this document and taking into account the current working capital position of the Company, the Directors consider that, if the repurchase mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position disclosed in this document. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company.

(d) Directors' undertakings

The Directors have undertaken to the HKSE that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the applicable laws and regulations of Bermuda, the Memorandum and the Bye-laws.

(e) Disclosure of interests

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention, in the event that the repurchase mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No Connected Person of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

(f) Takeovers Code consequence

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and the provision may apply as a result of any such increase. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases under the repurchase mandate.

(g) Share repurchase by the Company

The Company has not repurchased any Shares during the preceding six months ended on the Latest Practicable Date.

(h) Share capital

Exercise in full of the repurchase mandate, on the basis of 74,356,950 shares of HK$0.10 each in the capital of the Company as at 12 December 2008, could result in up to 74,356,950 Shares (then 7,435,695 shares of HK$0.10 each in the capital of the Company) being repurchased by the Company during the period from 12 December 2008 until whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or (c) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders in general meeting.

Status of purchased securities of the Company

The listing of all purchased securities (whether on the HKSE, or otherwise) of the Company is automatically cancelled and the relative certificates must be cancelled and destroyed. Under Bermuda law, the Shares so purchased may either be cancelled or held as treasury shares. Any purchased Shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If Shares are held as treasury shares, the Company is prohibited to exercise any rights in respect of those Shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the Company in respect of Shares held by the Company as treasury shares.

Connected Persons

The Listing Rules prohibit a company, subject to the grant of any waiver to the contrary, from knowingly purchasing securities on the HKSE from Connected Persons and a Connected Person shall not knowingly sell his securities to the company.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this document and are or may be material:

(a) a deed of non-competition dated 16 November 2009 entered into between Mr. Tong Wang Chow and Market Ahead in favour of the Company (for itself and on behalf of its subsidiaries), details of which are set out in the paragraph headed "Non-competition Undertaking" under the section headed "Relationship with Controlling Shareholders" in this document.

2. Intellectual property rights

Domain Name

As at the Latest Practicable Date, the Company had registered the following domain name:

Domain Name	Registration Date	Expiration Date
asian-citrus.com	16 May 2003	16 May 2010

Trademarks

As at the Latest Practicable Date, the Group was the owner of the following trademarks:

Trademark	Owner	Place of Registration	Class	Registration Date	Expiry Date
新雅奇	Lucky Team (Hepu)	the PRC	31	14 October 2002	13 October 2012
	Lucky Team (Hepu)	the PRC	31	21 April 2003	20 April 2013
新 雅 奇	Lucky Team (Hepu)	the PRC	35	21 May 2004	20 May 2014
	Lucky Team (Hepu)	the PRC	35	21 May 2004	20 May 2014
	Asian Citrus Management	Hong Kong	31	15 July 2004	14 July 2014
	Asian Citrus Management	Hong Kong	31	15 July 2004	14 July 2014
	The Company	Hong Kong	31	15 July 2004	14 July 2014
	Asian Fruits	Hong Kong	31	18 October 2005	17 October 2015
	Asian Fruits	Hong Kong	31	18 October 2005	17 October 2015

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

As at the Latest Practicable Date, without taking into account any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and the exercise of any options which may be granted under the Post Listing Share Option Scheme, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would, in the absence of any waiver to the contrary and were the Shares already listed on the HKSE, have to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, would be as follows:

Interest in the shares and underlying shares of the Company

		Number of shares held					
Name	**Class of shares**	**Personal interests**	**Family interests**	**Corporate interests**	**Number of underlying shares held under equity derivatives**	**Total**	**Approximate percentage of the Company's total issued share capital**
Tong Wang Chow	Ordinary shares/ Share options	—	—	267,005,710 *(Note 1)*	3,000,000 *(Note 2)*	270,005,710	35.04%
Tong Hung Wai Tommy	Share options	—	—	—	1,150,000 *(Note 3)*	1,150,000	0.15%
Cheung Wai Sun	Share options	—	—	—	1,050,000 *(Note 4)*	1,050,000	0.14%
Pang Yi	Share options	—	—	—	3,750,000 *(Note 5)*	3,750,000	0.49%
Sung Chi Keung	Share options	—	—	—	3,280,000 *(Note 6)*	3,280,000	0.43%
Nicholas Smith	Ordinary shares	732,950	—	—	—	732,950 *(Note 7)*	0.10%

Notes:

(1) The 267,005,710 Shares were held by Market Ahead, the issued share capital of which is beneficially owned by the following persons:

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

Mr Tong Wang Chow is deemed to be interested in 267,005,710 Shares held by Market Ahead by virtue of the SFO. Mr Tong Wang Chow is also a director of Market Ahead.

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

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

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

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

(4) 450,000 Shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to Mr. Cheung Wai Sun under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.

600,000 Shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to Mr. Cheung Wai Sun under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

(5) *1,200,000 Shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to Mr. Pang Yi under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.*

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

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

(6) *1,000,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.2045 per Share during the period from 27 July 2007 to 26 July 2014.*

1,080,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.112 per Share during the period from 3 August 2006 to 2 August 2015.

1,200,000 Shares would be allotted and issued to Mr. Sung Chi Keung upon the exercise in full of the share options granted to Mr. Sung Chi Keung under the Share Option Scheme. These share options, all of which remained exercisable as at the Latest Practicable Date, were exercisable at the subscription price of £0.139 per Share during the period from 15 October 2009 to 2 August 2015.

(7) *The 732,950 Shares were held as to 314,120 Shares by HSBC Securities Services (Isle of Man) as trustee of InterRetire - Smith Executive Retirement Plan (the "Plan") and as to 418,830 Shares by Nicholas Smith in his own name. As at the Latest Practicable Date, Nicholas Smith was a direct beneficiary of the Plan and is deemed to have an interest in the Shares held by the Plan.*

2. Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" of this document and without taking into account any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and any options which may be granted under the Post Listing Share Option Scheme, the Directors and chief executive of the Company are not aware of any other person, not being a Director or chief executive of the Company, who had, as at the Latest Practicable Date, an interest or short position in the shares and underlying shares of the Company which would, in the absence of any waiver to the contrary and were the Shares already listed on the HKSE, fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. Particulars of Directors' service agreements

Directors' service agreements and emoluments

On 17 November 2009, the following executive Directors entered into service agreements with the Company, the current principal terms of which are summarised below ("Service Agreements"):

Name	Position	Basic salary per month	Pension Contributions
Mr. Tong Wang Chow	Executive Director and Chairman and Chief Executive Officer	HK$120,000	Subject to Board approval
Mr. Tong Hung Wai, Tommy	Executive Director	HK$ 66,000	Subject to Board approval
Mr. Cheung Wai Sun	Executive Director	HK$ 55,000	Subject to Board approval
Mr. Pang Yi	Executive Director	HK$ 70,000	Subject to Board approval
Mr. Sung Chi Keung	Executive Director	HK$ 80,000	Subject to Board approval

The Service Agreements provide for the executive Directors' salaries to be reviewed by the Board and the Remuneration Committee at each financial year end of the Company. Each Service Agreement is effective from 17 November 2009 and will continue until terminated pursuant to the provisions of the Service Agreement or by either party by serving the other party with 3 month's written notice. Each Service Agreement will automatically terminate on 16 November 2012.

On 17 November 2009, the following non-executive Directors entered into letters of appointment with the Company, the current principal terms of which are summarised below ("NED Letters of Appointment"):

Name	Fee payable per annum as Director's fees
Mr. Ip Chi Ming	HK$600,000
Hon Peregrine Moncreiffe	HK$240,000

Each NED Letter of Appointment provides that the non-executive Director shall be paid a Director's fee as set out above payable in arrears on the first day of each financial year of the Company or upon termination of the non-executive Director's appointment. The Company shall also reimburse the non-executive Director's reasonable out of pocket expenses. Each non-executive Director's appointment is effective from 17 November 2009 and will continue until terminated by either party by serving the other party with 3 months' written notice. Each NED Letter of Appointment will automatically terminate on 16 November 2012.

On 17 November 2009, the following independent non-executive Directors entered into letters of appointment with the Company, the current principal terms of which are summarised below ("INED Letters of Appointment"):

Name	Fee payable per annum as Director's fees
Mr. Ma Chiu Cheung, Andrew	£31,000
Mr. Nicholas Smith	£31,000
Mr. Yang Zhenhan	HK$240,000
Dr. Lui Ming Wah, SBS JP	HK$240,000

Each INED Letter of Appointment provides that the independent non-executive Director shall be paid a Director's fee as set out above payable in arrears on the first day of each financial year of the Company or upon termination of the independent non-executive Director's appointment. The Company shall also reimburse the independent non-executive Director's reasonable out of pocket expenses. Each independent non-executive Director's appointment is effective from 17 November 2009 and will continue until terminated by either party by serving the other party with 3 months' written notice. Each INED Letter of Appointment will automatically terminate on 16 November 2012.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service contracts with the Company or any other member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. Directors' remuneration

During the year ended 30 June 2009, the aggregate of remuneration paid and benefits in kind granted to the Directors by the Group were approximately RMB8,508,000.

Under the current arrangements presently in force, the Directors will be entitled to receive remuneration which, for the year ending 30 June 2010, is expected to be approximately RMB8,264,000, excluding bonuses payable to the executive Directors.

Save as disclosed in this document, no Director in the promotion of the Company has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a director, or otherwise for services rendered by him in connection with the promotion or formation of the Company.

5. Disclaimers

(1) Save as disclosed in Appendix I to this document and this appendix in the sections headed "Further Information About the Company", "Further Information About The Business of the Group" and "Further Information About Directors and Substantial Shareholders", as at the Latest

Practicable Date, none of the Directors had any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(2) As at the Latest Practicable Date, none of the experts named in the paragraph headed "7 — Consents of experts" in the section headed "Other information" in this appendix had any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(3) Save as disclosed in this appendix in the section "Further Information About The Business of the Group", as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole.

D. OTHER INFORMATION

1. Share Option Scheme

Share Option Scheme

The Company adopted the Share Option Scheme on 29 June 2005, the principal terms of which are as follows:

Administration

The Share Option Scheme is administered by a committee of the Board ("Committee") in accordance with its rules.

Grant of Options

Options may be granted within the period of 42 days following the dealing day immediately following the announcement of the consolidated annual or half yearly or, if relevant, quarterly results of the Company for any financial period; the expiry of restrictions imposed on the Company; the announcement or coming into force of any changes to legislation affecting share option schemes or at any other time if the Committee in its absolute discretion resolves that it is appropriate to grant options. Options are rights to acquire shares in the capital of the Company under the Share Option Scheme. No option may be granted later than ten years from the date of adoption of the Share Option Scheme. Options granted under the Share Option Scheme are personal to the option holder and may not be transferred.

Eligible Employees

Options may be granted to such employees including directors who are required to devote substantially the whole of their working time to the Company or any of its participating subsidiaries as the Committee shall select.

Exercise Price

The exercise price at which options may be exercised is determined by the Committee and will not be less than the greater of:

(a) the nominal value of a share if the shares in the capital of the Company are to be subscribed; and

(b) at any time when the shares in the capital of the Company are admitted to trading on the AIM, the average middle-market quotations of a share in the capital of the Company as derived from the AIM Appendix to the Daily Official List on the dealing day immediately preceding the date of grant of an option (or if the Committee so determines, the average of such quotations for the three dealing days immediately preceding the date of grant of an option) provided that such dealing days must fall within the grant period referred to in paragraph headed "Grant of Options" above.

No consideration is payable for the grant of an option.

Limitations

No option may be granted under the Share Option Scheme if, as a result, the aggregate number of the shares in the capital of the Company issued and issuable pursuant to options granted under the Share Option Scheme, or under any other employees' share plan adopted by the Company in general meeting would in any period of 10 years (commencing at least three months following 3 August 2005) exceed 10% of the issued ordinary share capital of the Company from time to time.

In any year an eligible employee may not be granted options under the Share Option Scheme and any other share option plans established by the Company over the shares in the capital of the Company worth more on the date of grant than a maximum of 200% of such employee's annual remuneration.

Options granted before the expiry of three months from 3 August 2005 (being the date on which the shares in the capital of the Company were admitted to trading on AIM) will not be counted towards these limits.

Exercise of Options

(1) An option will not normally be exercisable before the expiry of one year from the date of grant. An option may be exercisable earlier if the option holder dies, if the option holder's employment terminates by reason of injury, disability, ill-health, dismissal for redundancy, retirement on or after normal retirement age or his employer ceasing to be a member of the Group, or because the business in which he is employed is transferred out of the Group. If an option holder ceases to be employed for any other reason his options will lapse unless the Committee in its absolute discretion determines otherwise. Options will lapse at the expiry of ten years from the date of grant. Special provisions apply in the event of a takeover or liquidation of the Company.

(2) The exercise of options will normally be subject to objective performance target(s) which will be specified on the grant of any option.

The exercise of options granted is restricted so that they may, under the Share Option Scheme, only be exercised as to 10% of the shares in the capital of the Company subject to the option for each year that the option is held. The option would therefore only be capable of exercise in full 10 years from the date of grant.

Variation of Share Capital

On any variation or reorganisation of the share capital of the Company by way of rights or capitalisation issue or by consolidation, sub-division or reduction of capital or otherwise, the Committee may make such adjustments as it considers appropriate to the exercise price and/or the number and/or the denomination of the shares in the capital of the Company comprised in an option, provided that there is no increase in the exercise price or reduction below nominal value. The Company's auditors shall in their opinion consider and confirm in writing to the Committee that the adjustments are fair and reasonable.

Amendments to the Share Option Scheme

The Board may amend the Share Option Scheme at any time in any respect.

No amendment may be made which would prejudice the subsisting rights of the existing participants in any manner unless it is made with the prior written consent of existing participants entitled to exercise options in respect of at least three-quarters of the total number of shares in the capital of the Company over which options shall at that time be subsisting; or by a resolution at a meeting of such participants passed by not less than three-quarters of the participants who attend and vote either in person or by proxy.

Present status of the Share Option Scheme

On 2 November 2009, the Shareholders passed a resolution to subdivide the then existing issued and unissued shares of HK$0.10 each into ten shares of HK$0.01 each. As a result of the subdivision, the exercise price of the Existing Share Options has been adjusted from £2.425, £2.045, £1.39 and £1.12 to £0.2425, £0.2045, £0.139 and £0.112 respectively. The total number of Shares to be issued upon the exercise of the Existing Share Options are adjusted from 5,078,800 shares of HK$0.10 each to 50,788,000 shares of HK$0.01 each.

Subject to the conditions to the Listing being fulfilled or waived, the Share Option Scheme will be terminated with effect from Listing. No further options may be granted under the Share Option Scheme after such termination. The provisions of the Share Option Scheme will continue to apply to options granted before such termination. The Directors have agreed not to grant any further options under the Share Option Scheme after the Latest Practicable Date.

As at the Latest Practicable Date, the Company had the following outstanding Existing Share Options:

Grant Date	Exerciseable From	Exerciseable To	Name	Residential Address	Number of Shares under Options	Exercise Price (Pounds)
27 July 2006	27/7/2007	26/7/2014	CAI Bo	江西省贛州市信豐縣嘉定鎮金龍村利添公司	250,000	0.2045
15 October 2008	15/10/2009	2/8/2015	CAI Bo	江西省贛州市信豐縣嘉定鎮金龍村利添公司	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	CAI Zeyuan	廣西北海合浦縣紅建路23號	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	CAI Zeyuan	廣西北海合浦縣紅建路23號	120,000	0.2045
3 August 2005	3/8/2006	2/8/2015	CAI Zeyuan	廣西北海合浦縣紅建路23號	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	CHEN Shiwei	廣西北海合浦縣金桂華庭2棟2單元503房	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	CHEN Shiwei	廣西北海合浦縣金桂華庭2棟2單元503房	250,000	0.2045
3 August 2005	3/8/2006	2/8/2015	CHEN Shiwei	廣西北海合浦縣金桂華庭2棟2單元503房	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	CHEN Zu Bin	廣西北海合浦縣明園南路52號	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	CHEUNG Laichun	Flat A, 14/F, Siu Fung Building, 9-17 Tin Lok Lane, Wanchai, Hong Kong	56,000	0.2045
15 October 2008	15/10/2009	2/8/2015	CHEUNG Laichun	Flat A, 14/F, Siu Fung Building, 9-17 Tin Lok Lane, Wanchai, Hong Kong	70,000	0.139
27 July 2006	27/7/2007	26/7/2014	CHEUNG Waisun	Flat 8, 9/F, Kwun Tong Mansion, 36 Yuet Wah Street, Kowloon, Hong Kong	450,000	0.2045
15 October 2008	15/10/2009	2/8/2015	CHEUNG Waisun	Flat 8, 9/F, Kwun Tong Mansion, 36 Yuet Wah Street, Kowloon, Hong Kong	600,000	0.139
15 October 2008	15/10/2009	2/8/2015	DENG Jingxin	廣西北海市海城區北部灣中路21號5幢1單元141號	200,000	0.139
14 September 2007	14/9/2008	2/8/2015	DENG Jingxin	廣西北海市海城區北部灣中路21號5幢1單元141號	500,000	0.2425
15 October 2008	15/10/2009	2/8/2015	FAN Xing Guo	廣西北海合浦縣烏家鎮西大村	400,000	0.139
3 August 2005	3/8/2006	2/8/2015	FOK Sekkwan	Flat 10, 28/F, Choi Ching House, Choi Po Court, Sheung Shui, Hong Kong	120,000	0.112
27 July 2006	27/7/2007	26/7/2014	FOK Sekkwan	Flat 10, 28/F, Choi Ching House, Choi Po Court, Sheung Shui, Hong Kong	96,000	0.2045
15 October 2008	15/10/2009	2/8/2015	FOK Sekkwan	Flat 10, 28/F, Choi Ching House, Choi Po Court, Sheung Shui, Hong Kong	120,000	0.139
15 October 2008	15/10/2009	2/8/2015	GU Erkan	廣西北海合浦縣明園南路51號	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	GU Erkan	廣西北海合浦縣明園南路51號	300,000	0.2045
3 August 2005	3/8/2006	2/8/2015	GU Erkan	廣西北海合浦縣明園南路51號	400,000	0.112
15 October 2008	15/10/2009	2/8/2015	GU Yu Lin	廣西北海合浦東山一路一巷十四號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	HE De Quan	廣西北海市太和路2號房天公寓A—201	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	HUANG Hui Ming	湖南省永州市道縣道州北路251號	400,000	0.139
15 October 2008	15/10/2009	2/8/2015	HUANG Ji Shu	廣西北海合浦縣明園南路51號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	HUANG Li	廣西北海合浦廉州鎮定海路38號	200,000	0.139

Grant Date	Exerciseable From	Exerciseable To	Name	Residential Address	Number of Shares under Options	Exercise Price (Pounds)
15 October 2008	15/10/2009	2/8/2015	HUANG Shi Ming	廣西北海海城區重慶路富麗苑小區二排8號	400,000	0.139
15 October 2008	15/10/2009	2/8/2015	HUANG Shi Xiang	廣西北海合浦縣烏家鎮西大村委會西遼坑對25—1號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	HUANG Xiaoping	湖南省永州市道縣道州北路251號	200,000	0.139
14 September 2007	14/9/2008	2/8/2015	HUANG Xiaoping	湖南省永州市道縣道州北路251號	300,000	0.2425
15 October 2008	15/10/2009	2/8/2015	HUANG Xiuhong	廣西北海合浦縣廉州鎮璣屯街3號101房	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	HUANG Xiuhong	廣西北海合浦縣廉州鎮璣屯街3號101房	250,000	0.2045
3 August 2005	3/8/2006	2/8/2015	HUANG Xiuhong	廣西北海合浦縣廉州鎮璣屯街3號101房	400,000	0.112
15 October 2008	15/10/2009	2/8/2015	HUANG Xue Yun	廣西北海合浦縣明園南路51號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	HUANG Zi Ping	廣西北海合浦縣烏家鎮西大村委西遼坑隊	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	IV Zai Feng	江西省贛州市信豐縣嘉定鎮金龍村利添公司	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	JIANG Shan	廣西柳州市城中區新路37號2區32棟3單元205號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	KANG Dong Yun	湖南省道縣道江鎮前進居委會6組	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	LAO Guang	廣西合浦縣烏家鎮西大村勞屋隊	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	LAU Hakkin	Room 3506, Sau Yee House, Sau Mau Ping Estate, Kwun Tong, Hong Kong	270,000	0.2045
14 September 2007	14/9/2008	2/8/2015	LAU Hakkin	Room 3506, Sau Yee House, Sau Mau Ping Estate, Kwun Tong, Hong Kong	230,000	0.2425
15 October 2008	15/10/2009	2/8/2015	LAU Hakkin	Room 3506, Sau Yee House, Sau Mau Ping Estate, Kwun Tong, Hong Kong	750,000	0.139
27 July 2006	27/7/2007	26/7/2014	LEE Honkam	2/F, Yue Shing Bldg., 30 Boundary St., Kowloon, Hong Kong	1,000,000	0.2045
3 August 2005	3/8/2006	2/8/2015	LEE Honkam	2/F, Yue Shing Bldg., 30 Boundary St., Kowloon, Hong Kong	800,000	0.112
15 October 2008	15/10/2009	2/8/2015	LEE Honkam	2/F, Yue Shing Bldg., 30 Boundary St., Kowloon, Hong Kong	1,000,000	0.139
15 October 2008	15/10/2009	2/8/2015	LI Shijin	江西省贛州市信豐縣嘉定鎮金龍村利添公司	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	LI Shijin	江西省贛州市信豐縣嘉定鎮金龍村利添公司	150,000	0.2045
3 August 2005	3/8/2006	2/8/2015	LI Shijin	江西省贛州市信豐縣嘉定鎮金龍村利添公司	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	LIANG Gao Ting	廣西崇左市江州區太平鎮新民路17號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	LIANG Zuo Cheng	湖南省永州市道縣道州北路251號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	LIN Yurong	廣西北海合浦縣明園南路51號	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	LIN Yurong	廣西北海合浦縣明園南路51號	250,000	0.2045
3 August 2005	3/8/2006	2/8/2015	LIN Yurong	廣西北海合浦縣明園南路51號	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	LIU Gengfeng	湖南長沙市清水塘八一路520號省公路局三棟1906室	600,000	0.139
27 July 2006	27/7/2007	26/7/2014	LIU Gengfeng	湖南長沙市清水塘八一路520號省公路局三棟1906室	300,000	0.2045

	Exerciseable				Number of	Exercise
Grant Date	From	To	Name	Residential Address	Shares under Options	Price (Pounds)
3 August 2005	3/8/2006	2/8/2015	LIU Gengfeng	湖南長沙市清水塘八一路520號省公路局三棟1906室	400,000	0.112
15 October 2008	15/10/2009	2/8/2015	LIU Huajun	廣西北海合浦縣烏家鎮西大村	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	LIU Huajun	廣西北海合浦縣烏家鎮西大村	120,000	0.2045
3 August 2005	3/8/2006	2/8/2015	LIU Huajun	廣西北海合浦縣烏家鎮西大村	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	LU Hai Zhen	廣西北海合浦縣烏家鎮西大村	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	LUO Yu Jing	廣西北海合浦縣廉州鎮廉景花園C區3巷24號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	LUO Zhong Hua	湖南省永州市道縣道州北路251號	400,000	0.139
14 September 2007	14/9/2008	2/8/2015	MENG Zhixue	廣西橫縣附城鎮曹村	300,000	0.2425
14 September 2007	14/9/2008	2/8/2015	PAN Zhihui	廣西柳州市柳城縣寨龍鎮	300,000	0.2425
27 July 2006	27/7/2007	26/7/2014	PANG Yi	中國廣西合浦縣廉洲鎮延安路19巷11號	1,200,000	0.2045
3 August 2005	3/8/2006	2/8/2015	PANG Yi	中國廣西合浦縣廉洲鎮延安路19巷11號	1,350,000	0.112
15 October 2008	15/10/2009	2/8/2015	PANG Yi	中國廣西合浦縣廉洲鎮延安路19巷11號	1,200,000	0.139
15 October 2008	15/10/2009	2/8/2015	PING Fei	廣西北海合浦縣明園南路51號	400,000	0.139
15 October 2008	15/10/2009	2/8/2015	PING Ri Yang	廣西北海合浦烏家鎮政府宿舍	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	RONG Liwu	廣西北海合浦縣烏家鎮西大村	200,000	0.139
3 August 2005	3/8/2006	2/8/2015	RONG Liwu	廣西北海合浦縣烏家鎮西大村	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	SHI Zhi Wei	廣西北海合浦縣明園南路51號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	SU Jiyuan	江西省贛州市信豐縣嘉定鎮金龍村利添公司	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	SU Jiyuan	江西省贛州市信豐縣嘉定鎮金龍村利添公司	150,000	0.2045
3 August 2005	3/8/2006	2/8/2015	SU Jiyuan	江西省贛州市信豐縣嘉定鎮金龍村利添公司	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	SU Li Ji	廣西北海合浦縣明園南路51號	200,000	0.139
3 August 2005	3/8/2006	2/8/2015	SUEN Tunglan	Flat A, 23/F, Yee Shun Mansion, 58-66 Second St., Hong Kong	240,000	0.112
27 July 2006	27/7/2007	26/7/2014	SUEN Tunglan	Flat A, 23/F, Yee Shun Mansion, 58-66 Second St., Hong Kong	72,000	0.2045
15 October 2008	15/10/2009	2/8/2015	SUEN Tunglan	Flat A, 23/F, Yee Shun Mansion, 58-66 Second St., Hong Kong	90,000	0.139
27 July 2006	27/7/2007	26/7/2014	SUNG Chikeung	Flat B, 15/F, Block 3, Tai Hing Gardens Phase 1, Tuen Mun, NT, Hong Kong	1,000,000	0.2045
3 August 2005	3/8/2006	2/8/2015	SUNG Chikeung	Flat B, 15/F, Block 3, Tai Hing Gardens Phase 1, Tuen Mun, NT, Hong Kong	1,080,000	0.112
15 October 2008	15/10/2009	2/8/2015	SUNG Chikeung	Flat B, 15/F, Block 3, Tai Hing Gardens Phase 1, Tuen Mun, NT, Hong Kong	1,200,000	0.139
15 October 2008	15/10/2009	2/8/2015	TAN Jia Bin	湖北省秭歸縣茅坪鎮丹陽路42-3-114號	400,000	0.139

Grant Date	Exerciseable From	To	Name	Residential Address	Number of Shares under Options	Exercise Price (Pounds)
27 July 2006	27/7/2007	26/7/2014	TAN Jiabin	湖北省秭歸縣茅坪鎮丹陽路42-3-114號	250,000	0.2045
15 October 2008	15/10/2009	2/8/2015	TANG Xiao	廣西北海合浦縣烏家鎮西大村	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	TONG Hungwai, Tommy	Flat D, 10/F, Estoril Court, 55 Garden Road, Hong Kong	550,000	0.2045
15 October 2008	15/10/2009	2/8/2015	TONG Hungwai, Tommy	Flat D, 10/F, Estoril Court, 55 Garden Road, Hong Kong	600,000	0.139
27 July 2006	27/7/2007	26/7/2014	TONG Meilin	Flat D, 10/F, Estoril Court, 55 Garden Road, Hong Kong	144,000	0.2045
15 October 2008	15/10/2009	2/8/2015	TONG Meilin	Flat D, 10/F, Estoril Court, 55 Garden Road, Hong Kong	180,000	0.139
27 July 2006	27/7/2007	26/7/2014	TONG Wangchow	Flat D, 10/F, Estoril Court, 55 Garden Road, Hong Kong	1,500,000	0.2045
15 October 2008	15/10/2009	2/8/2015	TONG Wangchow	Flat D, 10/F, Estoril Court, 55 Garden Road, Hong Kong	1,500,000	0.139
3 August 2005	3/8/2006	2/8/2015	TONG Wangshun	Flat F, 3/F, Ling Pak Mansion, Parkvale, Quarry Bay, Hong Kong	240,000	0.112
27 July 2006	27/7/2007	26/7/2014	TONG Wangshun	Flat F, 3/F, Ling Pak Mansion, Parkvale, Quarry Bay, Hong Kong	240,000	0.2045
15 October 2008	15/10/2009	2/8/2015	TONG Wangshun	Flat F, 3/F, Ling Pak Mansion, Parkvale, Quarry Bay, Hong Kong	300,000	0.139
15 October 2008	15/10/2009	2/8/2015	WANG Baoan	廣西北海合浦廉州鎮還珠大道4巷18號301室	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	WANG Baoan	廣西北海合浦廉州鎮還珠大道4巷18號301室	100,000	0.2045
15 October 2008	15/10/2009	2/8/2015	WANG Haiyan	廣西北海合浦縣明園南路51號	400,000	0.139
14 September 2007	14/9/2008	2/8/2015	WANG Haiyan	廣西北海合浦縣明園南路51號	300,000	0.2425
15 October 2008	15/10/2009	2/8/2015	WANG Hong Yan	廣西北海合浦縣明園南路51號	600,000	0.139
27 July 2006	27/7/2007	26/7/2014	WANG Shaoke	33 San Fuk Road, Tuen Mun, New Territories, Hong Kong	700,000	0.2045
15 October 2008	15/10/2009	2/8/2015	WANG Shaoke	33 San Fuk Road, Tuen Mun, New Territories, Hong Kong	800,000	0.139
14 September 2007	14/9/2008	2/8/2015	WU Feng	湖南省永州市道縣道州北路251號	800,000	0.2425
15 October 2008	15/10/2009	2/8/2015	WU Feng	湖南省永州市道縣道州北路251號	600,000	0.139
15 October 2008	15/10/2009	2/8/2015	WU Ping He	廣西北海市北京路海城花園1排11棟	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	WU Yan Hui	廣西北海合浦石灣鎮清水村	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	XIAN Jiaxu	廣西北海合浦縣烏家鎮西大村	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	XIAN Jiaxu	廣西北海合浦縣烏家鎮西大村	300,000	0.2045
3 August 2005	3/8/2006	2/8/2015	XIAN Jiaxu	廣西北海合浦縣烏家鎮西大村	400,000	0.112
14 September 2007	14/9/2008	2/8/2015	XIAO Shanming	廣西北海合浦縣明園南路51號	500,000	0.2425
15 October 2008	15/10/2009	2/8/2015	XIAO Yunyun	湖北省宜昌市秭歸縣茅坪鎮建平路5-209	200,000	0.139

Grant Date	Exerciseable From	To	Name	Residential Address	Number of Shares under Options	Exercise Price (Pounds)
27 July 2006	27/7/2007	26/7/2014	XIAO Yunyun	湖北省宜昌市秭歸縣茅坪鎮建平路5-209	200,000	0.2045
15 October 2008	15/10/2009	2/8/2015	XU Chengdong	廣西北海合浦縣廉州鎮明園北路9巷9號	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	XU Cheng Mei	廣西北海合浦縣明園南路51號	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	XU Chengdong	廣西北海合浦縣廉州鎮明園北路9巷9號	120,000	0.2045
3 August 2005	3/8/2006	2/8/2015	XU Chengdong	廣西北海合浦縣廉州鎮明園北路9巷9號	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	XU Feng	廣西北海合浦縣烏家鎮西大村	600,000	0.139
15 October 2008	15/10/2009	2/8/2015	YANG Bi Sai	廣西北海合浦石灣鎮清水村	200,000	0.139
14 September 2007	14/9/2008	2/8/2015	YANG Huiji	廣西北海合浦縣烏家鎮西大村	300,000	0.2425
15 October 2008	15/10/2009	2/8/2015	YANG Lihong	廣西北海合浦縣廉州鎮延安路19巷5號	400,000	0.139
27 July 2006	27/7/2007	26/7/2014	YANG Lihong	廣西北海合浦縣廉州鎮延安路19巷5號	250,000	0.2045
3 August 2005	3/8/2006	2/8/2015	YANG Lihong	廣西北海合浦縣廉州鎮延安路19巷5號	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	YAO Hesong	江西省贛州市信豐縣嘉定鎮金龍村利添公司	200,000	0.139
3 August 2005	3/8/2006	2/8/2015	YAO Hesong	江西省贛州市信豐縣嘉定鎮金龍村利添公司	240,000	0.112
15 October 2008	15/10/2009	2/8/2015	YE Hongfei	江西省贛州市信豐縣嘉定鎮金龍村利添公司	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	YE Hongfei	江西省贛州市信豐縣嘉定鎮金龍村利添公司	150,000	0.2045
3 August 2005	3/8/2006	2/8/2015	YE Hongfei	江西省贛州市信豐縣嘉定鎮金龍村利添公司	240,000	0.112
27 July 2006	27/7/2007	26/7/2014	YE Jingping	福建省福州市鼓樓區楊橋西路155號25座701室	300,000	0.2045
3 August 2005	3/8/2006	2/8/2015	YE Jingping	福建省福州市鼓樓區楊橋西路155號25座701室	400,000	0.112
15 October 2008	15/10/2009	2/8/2015	YI Zhi	廣西北海合浦縣石灣鎮清水村委長三小組	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	YU Yinghua	湖北省秭歸縣桂花小區金桂路10號	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	YU Yinghua	湖北省秭歸縣桂花小區金桂路10號	200,000	0.2045
15 October 2008	15/10/2009	2/8/2015	ZHANG Sen	廣西北海合浦縣烏家鎮西大村	200,000	0.139
15 October 2008	15/10/2009	2/8/2015	ZHAO Lina	廣西北海合浦縣明園南路51號	600,000	0.139
27 July 2006	27/7/2007	26/7/2014	ZHAO Lina	廣西北海合浦縣明園南路51號	300,000	0.2045
3 August 2005	3/8/2006	2/8/2015	ZHAO Lina	廣西北海合浦縣明園南路51號	400,000	0.112
15 October 2008	15/10/2009	2/8/2015	ZHONG Kunhe	江西省贛州市信豐縣嘉定鎮金龍村利添公司	600,000	0.139
27 July 2006	27/7/2007	26/7/2014	ZHONG Kunhe	江西省贛州市信豐縣嘉定鎮金龍村利添公司	300,000	0.2045
3 August 2005	3/8/2006	2/8/2015	ZHONG Kunhe	江西省贛州市信豐縣嘉定鎮金龍村利添公司	400,000	0.112
15 October 2008	15/10/2009	2/8/2015	ZHOU Jinhan	湖北省秭歸縣長寧大道2號	200,000	0.139
27 July 2006	27/7/2007	26/7/2014	ZHOU Jinhan	湖北省秭歸縣長寧大道2號	250,000	0.2045
3 August 2005	3/8/2006	2/8/2015	ZHOU Jinhan	湖北省秭歸縣長寧大道2號	240,000	0.112

There was no consideration paid by the relevant grantee at the time of grant of the relevant Existing Share Options. As at the Latest Practicable Date, total number of Shares under the Existing Share Options are 50,788,000 Shares, representing approximately 6.6% of the total issued share capital of the Company.

Post Listing Share Option Scheme

The following is a summary of the principal terms of the Post Listing Share Option Scheme (the "Scheme"), conditionally adopted by resolution of the Shareholders on 2 November 2009. The terms of the Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

Definitions:

"Adoption Date"	the date on which the Scheme becomes unconditional upon fulfilment of the condition set out in paragraph (u) below;
"Announcement Date"	the date on which the Company makes the preliminary announcement of its results for financial year or the announcement of its interim results for half financial year;
"Date of Grant"	in respect of any particular Option, the business day on which the Board resolves to make an Offer to a Participant;
"Grantee"	any Participant who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
"Offer"	the offer of the grant of an Option made in accordance with the terms of the Scheme;
"Option"	an option to subscribe for Shares pursuant to the Scheme;
"Option Period"	the period to be notified by the Board to each Grantee and in any event the period shall not be more than ten (10) years from the Date of Grant during which an Option can be exercised;
"Participant"	directors (including executive directors, non-executive directors and independent non-executive directors) and full time employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group;

"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option in accordance with the terms of the Scheme; and
"Vest" or "Vesting"	in relation to an Option, means an Option becoming exercisable.

(a) Purpose of the Scheme

The purpose of the Scheme is to reward Participants who have contributed to the Group and to provide incentives to Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) Who may join and basis of eligibility

The Board may, at its discretion and on such terms as it may think fit, grant any Participant an Option as it may determine in accordance with the terms of the Scheme.

The basis of eligibility of any Participant to the grant of any Option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(c) Duration and Administration

The Scheme will be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Options will be offered or granted. The Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties. The Board shall, subject to the rules of the Scheme, the AIM Rules and the Listing Rules, have the right and at its discretion and based on such factors as it shall consider relevant to:

(i) interpret and construe the provisions of the Scheme and Options made under it;

(ii) determine the eligibility of persons who will be granted Options under the Scheme;

(iii) determine the date of the grant of Option;

(iv) determine the number of Shares to be subject to the Option;

(v) determine the terms and conditions of the Option including:

  (a) the Subscription Price (if relevant);

(b) the minimum period, if any, for which the Option must be held before it Vests;

(c) performance targets and other criteria, if any, to be satisfied before the Option can Vest;

(d) the amount, if any, payable on application or acceptance of the Option and the period within which payments or calls must or may be made or loans for such purposes must be repaid;

(e) the period, if any, during which Shares allotted and issued or transferred upon Vesting of the Option shall be subject to restrictions on dealings, and the terms of such restrictions;

(f) the notification period, if any, to be given to the Company of any intended sale of Shares allotted and issued or transferred upon Vesting of the Option; and

(g) Option Period (if relevant).

(vi) approve the form of Option agreements;

(vii) prescribe, amend and rescind rules and regulations relating to the Scheme;

(viii) subject to the other provisions of the Scheme, make appropriate and equitable adjustments to the terms and conditions of any Option agreement, including extending the Option Period provided that it shall not be greater than the period (if any) prescribed by the AIM Rules and the Listing Rules from time to time (which is, at the Adoption Date, not more than 10 years from the Date of Grant and waiving or amending (in whole or in part) any conditions to which Options are subject; and

(ix) make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.

(d) Options to be offered within 10 Years

The Board will be entitled at the times specified below and within ten (10) years after the Adoption Date and subject to such conditions as the Board may think fit make an Offer to any Participant as the Board may in its absolute discretion select.

Options may only be granted:

(i) within 42 days of the Adoption Date;

(ii) within 42 days of any amendment to the Scheme being approved and adopted;

(iii) in each period of 42 days immediately following an Announcement Date;

(iv) in any other period of 42 days following the occurrence of an event which, in the opinion of the Board, is an exceptional event relating to or affecting the Group; and

(v) within the period of 42 days commencing on the day immediately following the day of commencement of a Participant's employment with the Group;

provided that, if the Board is restricted from granting Options within any of the above mentioned periods as a result of the Board or such Grantee being prohibited by the Listing Rules or AIM Rules or other applicable rules (including the Company's internal share dealing rules) from dealing in Shares, the Board may do so at any time within the period of 42 days commencing with the date on which such prohibition ceases to apply.

(e) Terms and Conditions

The Board may grant Options on such terms and subject to such conditions as it thinks fit. The Board may, in its absolute discretion, determine that Options will be subject to performance targets that must be achieved before Vesting.

(f) Offer and Acceptance

An offer of an Option must be accepted within twenty-eight (28) days from the Date of Grant. Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the HKSE or an integral multiple thereof. To the extent that the Offer is not accepted within the prescribed time period, it will be deemed to have been irrevocably declined.

(g) Restriction on the time of the offer for the grant of Options

No offer for the grant of Options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules and the AIM Rules (as applicable). In particular, no Option may be granted during the period commencing:

(a) two months immediately preceding the publication of the Company's annual results;

(b) two months immediately preceding the notification of the Company's half-yearly results;

(c) one month immediately preceding the notification of the Company's quarterly results; and/or

(d) one month immediately preceding the earlier of: (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for the Company to publish an announcement for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and, in each case, ending on the date on which the results are announced or notified (as applicable).

(h) Offers made to Directors, chief executive, and substantial shareholders and their respective Associates

Insofar as the Listing Rules require and subject to the terms of the Scheme, where any Offer proposed to be made to a Director or a chief executive or a substantial shareholder of the Company or any of his, her or its associates (as defined by the Listing Rules), it must be approved by all the independent non-executive Directors (excluding an independent non-executive Director who is the proposed Grantee of Options in question).

(i) Subscription Price for Options

The Subscription Price payable on the exercise of an Option shall be a price determined by the Board at its absolute discretion and notified to a Participant and shall be no less than the greatest of:

(i) the closing price of the Shares as stated in the daily quotations sheet issued by the HKSE on the Date of Grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the HKSE for the five (5) business days immediately preceding the Date of Grant; or

(iii) the nominal value of the Shares.

(j) Transfer

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way dispose of, sell, transfer, charge, mortgage, encumber or create any interest in favor of any other party over or in relation to any Option, unless under the circumstances permitted by the Scheme.

(k) Vesting of Options

The Board will determine the minimum period, which shall be no less than one year, for which a Share Option must be held before it Vests and any other conditions in relation to dealing with Shares on Vesting. In particular:

(i) in the event of the Grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph (m)(v) having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 12 months following his death;

(ii) in the event of a Grantee who is an employee or a Director of the Company or another member of the Group ceasing to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph (m)(v), the Option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment and shall on that day cease to be exercisable;

(iii) in the event of a Grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant (which shall be as and when determined by the Board by resolution) for any reason other than his death the Board may by written notice to such Grantee within one month from (and including) the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation and if the Board does not serve such a written notice within that one month period, the Option shall remain exercisable at any time during the original Option Period;

(iv) in the event of the Grantee ceasing to be a Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph (m)(v), his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part pursuant to the Scheme, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;

(v) if a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (k)(vi) below) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or, where appropriate, his or her personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company;

(vi) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the requisite majority at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her personal representatives) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice;

(vii) in the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her personal representatives) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued; and

(viii) other than a scheme of arrangement contemplated in paragraph (k)(vi) above, in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement, and the Grantee (or his or her personal representatives) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on exercise of such Option.

(l) Consequences of Vesting

(i) Options

On Vesting, an Option becomes exercisable to the extent that it Vests. An Option shall be exercised in whole or in part by the Grantee to the extent it has Vested, by giving notice in writing to the Company in a prescribed form. Any partial exercise of an Option shall be in respect of such number of Shares as from time to time constitutes a board lot for the purposes of trading Shares on the HKSE or an integral multiple thereof.

(ii) Allotment and Issue of Shares

Within twenty-eight (28) days after receipt of the notice and, where appropriate, other necessary documentations, and subject to the accompanying remittance having been honored in full, the Company shall allot and issue the relevant Shares to the Grantee credited as fully paid and shall instruct the Share registrar to issue to the Grantee a share certificate in respect of the Shares so allotted and issued.

(iii) Rights

A Grantee shall not be entitled to vote, to receive dividends or to have any other rights, including those arising on the liquidation of the Company.

(iv) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Memorandum and the Bye-laws for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue as from the date when the name of Grantee is registered on the register of members of the Company.

(m) Lapse of Options

An Option shall lapse automatically (to the extent not already Vested or in the case of an Option, to the extent not already exercised) on the earliest of:

(i) in the case of an Option and subject to the terms of the Scheme, the expiry of the Option Period;

(ii) the expiry of the periods referred to in paragraph (k);

(iii) the expiry of the period referred to in paragraph (k)(v) provided that if any court of competent jurisdiction makes an order the effect of which is to prevent the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised, shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;

(iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (k)(vi);

(v) where the Grantee is an employee or Director, the date on which the Grantee ceases to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect being able to pay debts or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or any ground on which an employer would be entitled to terminate his or her employment summarily;

(vi) the date of the commencement of the winding-up of the Company;

(vii) the date on which the Grantee commits a breach of paragraph (j); and

(viii) subject to paragraph (k)(ii) the date the Grantee ceases to be a Participant for any other reason.

(n) Cancellation of Options

Any Options granted but not exercised may be cancelled if the Grantee so agrees with or without new Options being granted to the Grantee provided that any new Options granted shall fall within the limits prescribed by the terms of the Scheme (excluding the cancelled Options), and are otherwise granted in accordance with the terms of the Scheme.

(o) Maximum Number of Shares Available for Subscription

(i) Overriding Limited (the "Overriding Limit")

Subject to the AIM Rules and the Listing Rules, the overall limit on the number of Shares subject to Options from time to time under the Scheme and any other schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time. No Options may be granted under the Scheme or any other schemes if this will result in this overriding limit being exceeded.

(ii) Mandate Limit (the "Mandate Limit")

Subject to the Overriding Limit and to paragraphs (o)(iii) and (o)(iv) below, the total number of Shares available for issue or transfer in satisfaction of all Options which may be granted under the Scheme and any other schemes of the Company must not, in aggregate, exceed 77,055,980 Shares, representing 10% of the Shares in issue upon Listing. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Mandate Limit.

(iii) Refreshing of the Mandate Limit

Subject to the Overriding Limit and to paragraph (o)(iv), the Company may refresh the Mandate Limit at any time subject to approval by the shareholders of the Company. However, the Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval (the "Refreshed Limit") or such other limits imposed by the HKSE and the AIM Rules. Options previously granted or to be granted under the Scheme and any other schemes of the Company (including those outstanding, cancelled, exercised or lapsed in accordance with such schemes) will not be counted for the purpose of calculating the Refreshed Limit.

(iv) Grant of Options Limit

Subject to the Overriding Limit, the Company may also seek separate approval by the shareholders of the Company for granting Options beyond the Mandate Limit provided that the Options in excess of the Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought.

(v) Limit for each Participant

The total number of Shares issued and to be issued upon exercise of Options granted and to be granted to each Grantee (including exercised and outstanding Options) in any twelve (12)-month period shall not exceed 1% of the Shares in issue for the time being (the "Individual Limit"). Any further grant of Options in excess of the Individual Limit must be subject to approval by the shareholders of the Company with such Participant and his, her or its associates abstaining from voting. The number and terms (including the Subscription Price (if relevant)) of the Options to be granted to such Participant must be fixed before the date of the relevant shareholders' meeting.

(p) Grant to substantial Shareholders and independent non-executive Director

Where any Offer proposed to be made to a substantial Shareholder or an independent non-executive Director or any of his, her or its associates would result in the total number of Shares issued and to be issued upon exercise of all Options already granted and to be granted to such person in the twelve (12) month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue at the date of such grant; and

(ii) having an aggregate value, based on the closing price of the Shares at the Date of Grant, in excess of HK$5 million,

then such Offer and any acceptance thereof must be subject to approval of the Shareholders taken on a poll.

(q) Adjustment to the Subscription Price for Options

(i) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company or otherwise howsoever, other than an issue of Shares as consideration in a transaction to which the Company is a party, such corresponding alterations (if any) shall be made to:

(a) the number or nominal amount of Shares to which the Scheme or any Option relates; and/or

(b) the Subscription Price of the Option; and/or

(c) the method of exercise of the Option, and/or

(d) the number of Shares comprised in an Option or which remains comprised in an Option,

or any combination thereof as the Company's independent financial adviser or the Auditors shall certify in writing to the Board to be in their opinion to be fair and reasonable, provided that no such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value or which would change the proportion of the equity share capital for which any Grantee is entitled on Vesting of his Options and/or to subscribe pursuant to the Options held by him or her before such alteration.

(ii) In respect of any such alterations, other than any made under a capitalisation issue, the Company's independent financial adviser or the auditors shall also confirm to the Board in writing that such alterations satisfy the requirements of Rule 17.03(13) of the Listing Rules and the note thereto.

(iii) The capacity of the Company's independent financial adviser or the Auditors in this paragraph (q) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

(r) Alteration of the Scheme

The Scheme may subject to the Listing Rules be altered in any respect be resolution of the Board except that those specific provisions of the Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Participants and changes to the authority of the Board in relation to any alteration of the terms of the Scheme shall not be made, in either case, without the prior approval of shareholders of the Company and provided further that any alteration to the terms and conditions of the Scheme which are of a material nature or any change to the terms of Options granted must be approved by the shareholders of the Company at a general meeting, except where such alterations take effect automatically under the existing terms of the Scheme. The Scheme so altered must comply with Chapter 17 of the Listing Rules, the supplemental guidance issued on 5 September 2005 by the HKSE entitled "Supplemental Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the note immediately after the Rule" and any future guidance/interpretation of the Listing Rules issued by the HKSE from time to time.

(s) Termination

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered or granted and all offers of options then outstanding and not accepted shall ipso facto lapse but in all other respects the provisions of the Scheme shall remain in full force and effect. Options which are granted during the life of the Scheme and remain unexpired immediately prior to the termination of the operation of the Scheme shall remain valid in accordance with their terms of issue after the termination of the Scheme.

(t) Present Status of the Scheme

As at the date of this document, no Option has been granted or agreed to be granted pursuant to the Scheme.

(u) Condition

The Scheme shall take effect subject to the passing of the necessary resolution to adopt the Scheme by the shareholders of the Company and is conditional upon the commencement of dealings of the Shares on the Main Board of the Stock Exchange.

(v) Compliance with the Listing Rules

The Scheme shall comply with the Listing Rules as amended from time to time. In the event that there are differences between the terms of the Scheme and the Listing Rules, the Listing Rules shall prevail.

2. Legal Proceedings

No member of the Group is engaged in any material litigation, arbitration, claim of material importance or administrative proceedings. So far as the Directors are aware, as at the Latest Practicable Date, no such litigation, arbitration, claim or administrative proceedings are pending or threatened against the Group, that would have a material adverse effect on the results of the operation or financial condition of the Group.

3. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Shares in issue, and any Shares which may fall to be issued pursuant to the exercise of the Existing Share Options and the exercise of any options which may be granted under the Post Listing Share Option Scheme. All necessary arrangements have been made enabling such Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK$78,000 and are payable by the Company.

5. Promoter

The Company has no promoter for the purposes of the Listing Rules.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in, or referred to in, this document:

Name	Qualification
Conyers Dill & Pearman	Bermuda legal advisers
Baker Tilly Hong Kong Limited	Certified Public Accountants
Fladgate LLP	English legal advisers
Vigers Appraisal & Consulting Limited	Property Valuers
Zhong Lun Law Firm	PRC legal advisers

7. Consents of experts

Each of the persons named as experts in "D. Other Information — 6. Qualifications of experts" in this appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and to the references to its name included in the form and context in which it respectively appears.

As at the Latest Practicable Date, none of these experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. Compliance Adviser

Conditional on Listing, the Company expects to appoint Partners Capital International Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Company will consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated (including share issues and share repurchases);

(c) where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this document; and

(d) where the HKSE makes an inquiry of the Company regarding unusual movements in the price or trading volume of the Shares or any other matters.

In addition, the compliance adviser will also provide, among other things, the following services to the Company:

(i) if required by the HKSE or upon receiving reasonable prior written notice from the Company, deal with the HKSE in respect of any or all matters listed in paragraphs (a) to (d) above;

(ii) in relation to an application by the Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise the Company on its obligations and in particular the requirement to appoint an independent financial adviser; and

(iii) assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a director of the Company, and, to the extent the compliance adviser forms an opinion that the new appointee's understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps such as training.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the Listing Date.

9. Advisory fees or commissions

The amount paid within the two years immediately preceding the date of this document as commission (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares in or debentures of the Company was nil. None of the Directors or experts (as named in this document) has received any commissions, discounts, brokerages or other special terms granted within the two years immediately preceding the issue of this document in connection with the issue or sale of any capital of any member of the Group.

10. Estate duty

Market Ahead and Mr. Tong Wang Chow, together being Controlling Shareholders, have entered into a deed of indemnity on 17 November 2009 with and in favour of the Company (for itself and as trustee for each of its subsidiaries) whereby Market Ahead and Mr. Tong Wang Chow have given indemnities on a joint and several basis in connection with, among other things, Hong Kong estate duty which might be payable by any member of the Group on or before the Listing Date and other taxation (including all costs (including legal costs), claims, losses, payments, settlement payments, expenses, interests, penalties, fines, damages, charges or other liabilities relating to taxation) which may be made against any member of the Group in respect of any income, profits or gain earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date, save:

(a) to the extent that provision or reserve has been made for such taxation liability in the combined financial statements of the Group as shown in the accountants' report set out in Appendix I to this document;

(b) for which the Company and/or its subsidiaries are or may become liable as a result of transactions in the ordinary course of business after 30 June 2009;

(c) to the extent that such taxation liability arises or is incurred as a consequence of any retrospective change in the laws or practice thereof or the interpretation thereof by the taxation authorities of the PRC, Hong Kong, BVI or Bermuda coming into force after the date of the deed of indemnity or to the extent that such taxation liability arises or is increased by an increase in rates of taxation after the date of the Listing with retrospective effect; or

(d) to the extent that any provision or reserve made for any taxation liability in the audited accounts of the Company as at 30 June 2009 is determined by the auditors for the time being of the relevant beneficiary as named in the deed of indemnity (at the expense of Market Ahead and Mr. Tong Wang Chow) to contain an over-provision or excessive reserve.

The Directors have been advised that no material liability for estate duty would be likely to fall on the Company or any of its subsidiaries in the BVI, Bermuda or the PRC.

11. Miscellaneous

(1) Save as disclosed in this document:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid up either for cash or for a consideration other than cash within the two years immediately preceding the date of this document;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option within the two years immediately preceding the date of this document; and

(iii) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued.

(2) Apart from the Shares which are admitted to trading on AIM and the PLUS Market, no member of the Group is presently listed on any stock exchange or traded on any trading system.

(3) There has not been any interruptions in the business of the Group which may have or have had a material adverse effect on the financial position of the Group in the 12 months immediately preceding the date of this document.

(4) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(5) The English language and the Chinese language versions of this document are being published separately.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company at Room 1109-1111, Wayson Commercial Building, 28 Connaught Road West, Hong Kong during normal business hours up to and including the date which is 15 days from the date of this document:

- the Memorandum and Bye-laws;
- the accountants' report prepared by Baker Tilly Hong Kong Limited, the text of which is set out in Appendix I to this document;
- the audited financial statements of the Group for each of the three years ended 30 June 2009;
- the annual reports of the Company for each of the three years ended 30 June 2009;
- the letter, summary of valuation and valuation certificates relating to the property interests of the Group prepared by Vigers, set out in Appendix II to this document;
- the valuation reports dated 16 October 2007, 14 October 2008 and 15 September 2009 relating to the biological assets of the Group prepared by Vigers;
- the service contracts referred to in "Statutory and General Information — Further Information about the Directors and Substantial Shareholders — 3. Particulars of Directors' service contracts" of Appendix IV to this document;
- the material contracts referred to in "Statutory and General Information — Summary of Material Contracts" of Appendix IV to this document;
- the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" of Appendix IV to this document;
- the rules of the Share Option Scheme;
- the rules of the Post Listing Share Option Scheme;
- the PRC legal opinion issued by Zhong Lun Law Firm in relation to the PRC subsidiaries at the Group and general laws of the PRC;
- the PRC legal opinion issued by Zhong Lun Law Firm in relation to property and land interests at the Group in the PRC;

- the English legal opinion prepared by Fladgate LLP summarising certain aspects of English company law referred to in "Summary of the Memorandum and Bye-laws of the Company, Bermuda Company Law and the AIM Rules" in Appendix III to this document;

- the Bermuda legal opinion prepared by Conyers Dill & Pearman summarising certain aspects of Bermuda company law referred to in "Summary of the Memorandum and Bye-laws of the Company, Bermuda Company Law and the AIM Rules" in Appendix III to this document;

- the Bermuda Companies Act;

- the AIM Rules; and

- the PLUS Rules.