



CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)



Interim Report

2009/2010







HIGHLIGHTS

Turnover increased by 13% to RMB3,237 million.

Gross profit increased by 9% to RMB2,069 million.

Profit from operations increased by 20% to RMB1,363 million.

Profit for the period attributable to owners of the Company (excluding major non-cash flow items) increased by 17% to RMB1,548 million.

The board of directors (the "Board") of Chaoda Modern Agriculture (Holdings) Limited (the "Company") is pleased to present the interim report of the Company and its subsidiaries (collectively the "Group" or "Chaoda") for the six months ended 31 December 2009. The consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended 31 December 2009 and the consolidated statement of financial position of the Group as at 31 December 2009, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company's Audit Committee and the Company's auditors, Grant Thornton.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2009 — Unaudited

	Notes	Six months ended 31 December	
		2009 RMB'000	2008 RMB'000
Turnover	3	3,236,920	2,867,290
Cost of sales		(1,168,341)	(975,666)
Gross profit		2,068,579	1,891,624
Other revenues		21,934	35,926
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	11	(184,182)	(209,886)
Selling and distribution expenses		(344,086)	(325,553)
General and administrative expenses		(74,001)	(134,478)
Research expenses		(16,025)	(27,559)
Other operating expenses		(109,098)	(90,882)
Profit from operations		1,363,121	1,139,192
Finance costs	5(a)	(65,380)	(65,215)
Loss on deemed disposal of interest in an associate	12	(3,297)	—
Gain on deemed acquisition of additional interest in an associate	12	1,678	5,856
Loss on partial disposal of an associate	12	(10,724)	—
Share of net profit of associates		77,855	49,263
Change in fair value of convertible bonds		—	782,345
Profit before income tax	5	1,363,253	1,911,441
Income tax expense	6	(144)	(15,551)
Profit for the period		1,363,109	1,895,890
Other comprehensive expense			
Currency translation differences		—	(673)
Fair value loss on available-for-sale investments		—	(92,136)
Other comprehensive expense for the period			(92,809)
Total comprehensive income for the period		1,363,109	1,803,081
Profit for the period attributable to:			
Owners of the Company		1,364,054	1,896,653
Non-controlling interests		(945)	(763)
		1,363,109	1,895,890
Total comprehensive income for the period attributable to:			
Owners of the Company		1,364,054	1,803,844
Non-controlling interests		(945)	(763)
		1,363,109	1,803,081
Earnings per share for profit attributable to the owners of the Company during the period			
— Basic	8(a)	RMB0.45	RMB0.75
— Diluted	8(b)	RMB0.44	RMB0.39



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2009 — Unaudited

	Notes	31 December 2009 RMB'000	30 June 2009 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	7,101,010	4,814,331
Construction-in-progress		255,928	932,997
Prepaid premium for land leases	10	4,652,222	4,808,876
Biological assets	11	1,999,719	1,769,100
Deferred development costs		22,075	26,980
Deferred expenditure		279,854	257,632
Interests in associates	12	897,840	974,007
		15,208,648	13,583,923
Current assets			
Prepaid premium for land leases	10	128,728	126,911
Biological assets	11	626,223	953,427
Inventories		43,287	16,470
Trade receivables	13	275,862	381,201
Other receivables, deposits and prepayments		499,733	379,371
Cash and cash equivalents		3,011,602	3,106,713
		4,585,435	4,964,093
Current liabilities			
Amounts due to a related company	14	44,605	60,512
Trade payables	15	11,685	5,959
Other payables and accruals		105,557	136,976
Bank loans	16	17,000	24,000
Guaranteed senior notes	17	1,544,139	1,542,571
		1,722,986	1,770,018
Net current assets		2,862,449	3,194,075
Total assets less current liabilities		18,071,097	16,777,998
Non-current liabilities			
Deferred tax liabilities	18	20,655	20,655
Net assets		18,050,442	16,757,343
EQUITY			
Equity attributable to the owners of the Company			
Share capital	19	311,169	309,623
Reserves		17,736,664	16,444,166
		18,047,833	16,753,789
Non-controlling interests		2,609	3,554
Total equity		18,050,442	16,757,343

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2009 — Unaudited

	Six months ended 31 December	
	2009	2008
	RMB'000	RMB'000
Net cash generated from operating activities	1,654,859	1,624,039
Net cash used in investing activities	(1,799,725)	(1,231,476)
Net cash generated from financing activities	49,755	28,257
Net (decrease)/increase in cash and cash equivalents	(95,111)	420,820
Cash and cash equivalents at beginning of the period	3,106,713	1,280,231
Effect of foreign exchange rate changes	—	(679)
Cash and cash equivalents at end of the period	3,011,602	1,700,372



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2009 — Unaudited

	Attributable to the owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Six months ended 31 December 2008												
At 1 July 2008 (Audited)	257,306	2,095,623	94,894	248,155	723	34,080	449,202	649,260	7,282,862	11,112,105	5,107	11,117,212
Profit for the period	—	—	—	—	—	—	—	—	1,896,653	1,896,653	(763)	1,895,890
Other comprehensive expense												
— Currency translation differences	—	—	—	—	—	—	(673)	—	—	(673)	—	(673)
— Fair value loss on available-for-sale investments	—	—	—	—	—	(92,136)	—	—	—	(92,136)	—	(92,136)
	—	—	—	—	—	(92,136)	(673)	—	—	(92,809)	—	(92,809)
Total comprehensive (expense)/income for the period	—	—	—	—	—	(92,136)	(673)	—	1,896,653	1,803,844	(763)	1,803,081
Shares issued under share option scheme	1,240	43,024	—	(16,007)	—	—	—	—	—	28,257	—	28,257
Bonus issue	8,571	(8,571)	—	—	—	—	—	—	—	—	—	—
Employee share option benefits	—	—	—	67,848	—	—	—	—	—	67,848	—	67,848
2007/2008 final dividends paid (note 7)	—	—	—	—	—	—	—	—	(68,569)	(68,569)	—	(68,569)
Appropriations	—	—	—	—	—	—	—	1,202	(1,202)	—	—	—
At 31 December 2008 (Unaudited)	267,117	2,130,076	94,894	299,996	723	(58,056)	448,529	650,462	9,109,744	12,943,485	4,344	12,947,829
Six months ended 31 December 2009												
At 1 July 2009 (Audited)	309,623	4,038,903	94,894	290,011	723	—	169,701	678,169	11,171,765	16,753,789	3,554	16,757,343
Profit for the period	—	—	—	—	—	—	—	—	1,364,054	1,364,054	(945)	1,363,109
Total comprehensive income for the period	—	—	—	—	—	—	—	—	1,364,054	1,364,054	(945)	1,363,109
Shares issued under share option scheme	1,546	86,412	—	(31,203)	—	—	—	—	—	56,755	—	56,755
Employee share option benefits	—	—	—	6,919	—	—	—	—	—	6,919	—	6,919
2008/2009 final dividends paid (note 7)	—	—	—	—	—	—	—	—	(133,684)	(133,684)	—	(133,684)
Appropriations	—	—	—	—	—	—	—	1,703	(1,703)	—	—	—
At 31 December 2009 (Unaudited)	311,169	4,125,315	94,894	265,727	723	—	169,701	679,872	12,400,432	18,047,833	2,609	18,050,442

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2009 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2009 (the “2009 Annual Financial Statements”).

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2009 Annual Financial Statements, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as disclosed in note 2 to the Interim Financial Report.

The Interim Financial Report is unaudited but has been reviewed by Grant Thornton in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

2. ADOPTION OF NEW, AMENDED OR REVISED HKFRSs

In the current period, the Group has applied for the first time the following new, amended or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 July 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of these new, amended or revised HKFRSs has had no material impact on the Interim Financial Report.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

2. ADOPTION OF NEW, AMENDED OR REVISED HKFRSs *(Continued)*

HKAS 1 (Revised) — Presentation of Financial Statements

The adoption of HKAS 1 (Revised) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange differences arising on the translation of foreign operations. HKAS 1 also affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard.

HKAS 27 (Amendment) — Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 8 — Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

HKFRS 3 — Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree.

The Group has not early adopted certain new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Report but are not yet effective. The directors of the Company (the "Directors") anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the period beginning after the effective date of the pronouncements. The Directors are also currently assessing the impact of these new standards, amendments to standards and interpretation but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

3. TURNOVER

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

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

	Six months ended 31 December	
	2009 RMB'000	2008 RMB'000
Sales of crops	3,212,991	2,842,129
Sales of livestock	23,929	25,161
	3,236,920	2,867,290

4. SEGMENT INFORMATION

The Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation and review of performance.

The Group's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However the Group's executive directors considered that over 90% of the Group's revenue and contribution to profit during the six months ended 31 December 2009 and 2008 were mainly derived from its growing and sales of crops. Also the measurement policies the Group adopted for segment reporting under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, therefore segment disclosures are not presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. Over 90% of the Group's revenue, expenses, results, assets and liabilities and capital expenditures are attributable to a single geographical region, which is the PRC.

5. PROFIT BEFORE INCOME TAX

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

(a) Finance costs

	Six months ended 31 December	
	2009 RMB'000	2008 RMB'000
Interest on the guaranteed senior notes issued	60,548	60,412
Bank and finance charges	4,832	4,803
	65,380	65,215



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

5. PROFIT BEFORE INCOME TAX (Continued)

(b) Staff costs

	Six months ended 31 December	
	2009 RMB'000	2008 RMB'000
Salaries, wages and other benefits	311,359	289,595
Employee share option benefits	6,919	67,848
Retirement benefit costs	2,707	2,392
	320,985	359,835

(c) Other items

	Six months ended 31 December	
	2009 RMB'000	2008 RMB'000
Interest income	(3,778)	(13,315)
Amortisation of deferred development costs	5,405	4,905
Amortisation of deferred expenditure, net of amount capitalised	39,839	39,243
Amortisation of prepaid premium for land leases, net of amount capitalised	41,346	41,887
Cost of inventories sold	1,168,341	975,666
Depreciation of property, plant and equipment, net of amount capitalised	143,045	114,353
Exchange gain, net	(1,500)	(547)
Operating lease expenses		
— land and buildings	93,738	86,530
— motor vehicles	51	51
Loss on disposals and write off of property, plant and equipment	26,342	1,271

6. INCOME TAX EXPENSE

The amount of income tax expense represents:

	Notes	Six months ended 31 December	
		2009 RMB'000	2008 RMB'000
Current tax			
— PRC income tax	(a)	144	110
— Hong Kong profits tax	(b)	—	—
Deferred tax			
— PRC withholding income tax		—	15,441
		144	15,551

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

6. INCOME TAX EXPENSE (Continued)

Notes:

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

The enterprise income tax rate of other PRC subsidiaries of the Group not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2009 and 2008.

- (b) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits for the Company and its subsidiaries operating in Hong Kong for the six months ended 31 December 2009 and 2008.

7. DIVIDENDS

	Six months ended 31 December	
	2009 RMB'000	2008 RMB'000
Final dividend of HK\$0.050 (2008: HK\$0.032) per ordinary share paid during the period	133,684	68,569

At the annual general meeting held on 27 November 2009, final dividend for the year ended 30 June 2009 of HK\$0.050 (equivalent to approximately RMB0.044) per ordinary share was declared and approved. The dividend was paid during the period and the amount was reflected as appropriation of retained profits for the six months ended 31 December 2009.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2009 (Six months ended 31 December 2008: Nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the owners of RMB1,364,054,000 (Six months ended 31 December 2008: RMB1,896,653,000) and the weighted average number of 3,032,156,831 (Six months ended 31 December 2008: 2,532,470,976) ordinary shares in issue during the period.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

8. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to the owners of RMB1,364,054,000 (Six months ended 31 December 2008: RMB1,114,308,000) and the weighted average number of 3,123,431,078 (Six months ended 31 December 2008: 2,843,552,727) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme and convertible bonds which had already been repaid during the year ended 30 June 2009.

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

Profit attributable to owners of the Company (diluted)

	Six months ended 31 December	
	2009 RMB'000	2008 RMB'000
Profit attributable to owners	1,364,054	1,896,653
Change in fair value of convertible bonds	—	(782,345)
Profit used to determine diluted earnings per share	1,364,054	1,114,308

Weighted average number of ordinary shares (diluted)

	Six months ended 31 December	
	2009 Number of shares	2008 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	3,032,156,831	2,532,470,976
Deemed issue of ordinary shares — share options	91,274,247	107,753,461
Deemed issue of ordinary shares — convertible bonds	—	203,328,290
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,123,431,078	2,843,552,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 31 December 2009 — Unaudited
9. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 31 December 2009 RMB'000	Year ended 30 June 2009 RMB'000
Net book value as at 1 July 2009/1 July 2008	4,814,331	4,078,224
Additions	2,232	5,779
Transfer from construction-in-progress	2,544,321	1,131,005
Write off/Disposals	(58,903)	(4,121)
Depreciation charges	(200,971)	(358,656)
Impairment loss	—	(37,900)
Net book value as at 31 December 2009 /30 June 2009	7,101,010	4,814,331

10. PREPAID PREMIUM FOR LAND LEASES

	Long-term prepaid rentals RMB'000	Land use rights RMB'000	Total RMB'000
Cost			
At 1 July 2008	4,813,783	158,313	4,972,096
Additions	380,000	—	380,000
At 30 June 2009 and 1 July 2009	5,193,783	158,313	5,352,096
Disposals	—	(706)	(706)
Early termination of lease	(93,300)	—	(93,300)
At 31 December 2009	5,100,483	157,607	5,258,090
Accumulated amortisation			
At 1 July 2008	276,774	16,073	292,847
Amortisation for the year	116,689	6,773	123,462
At 30 June 2009 and 1 July 2009	393,463	22,846	416,309
Amortisation for the period	61,458	3,376	64,834
Disposals	—	(172)	(172)
Early termination of lease	(3,831)	—	(3,831)
At 31 December 2009	451,090	26,050	477,140
Net carrying value as at 31 December 2009	4,649,393	131,557	4,780,950
Net carrying value as at 30 June 2009	4,800,320	135,467	4,935,787



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

10. PREPAID PREMIUM FOR LAND LEASES (Continued)

	31 December 2009 RMB'000	30 June 2009 RMB'000
Non-current portion	4,652,222	4,808,876
Current portion	128,728	126,911
	4,780,950	4,935,787

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

	31 December 2009 RMB'000	30 June 2009 RMB'000
Outside Hong Kong held on		
— Leases of over 50 years	568,300	572,893
— Leases of between 10 to 50 years	4,212,650	4,362,894
	4,780,950	4,935,787

As at 31 December 2009, long-term prepaid rentals for the farmland which has not yet been occupied by the Group amounted to RMB771,000,000 (30 June 2009: RMB907,500,000).

11. BIOLOGICAL ASSETS

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2008	1,405,903	37,402	788,204	121,407	2,352,916
Additions	189,356	51,697	1,884,664	159,241	2,284,958
Decrease due to sales	(92,493)	(20,763)	(1,820,583)	—	(1,933,839)
(Loss)/Gain arising from changes in fair value less estimated point-of-sale costs	(21,927)	(24,648)	101,142	(36,075)	18,492
At 30 June 2009 and 1 July 2009	1,480,839	43,688	953,427	244,573	2,722,527
Additions	98,025	57,707	879,459	194,199	1,229,390
Decrease due to sales	(133,005)	(10,782)	(998,006)	—	(1,141,793)
Gain/(Loss) arising from changes in fair value less estimated point-of-sale costs	12,244	(18,718)	(208,657)	30,949	(184,182)
At 31 December 2009	1,458,103	71,895	626,223	469,721	2,625,942

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 31 December 2009 — Unaudited
11. BIOLOGICAL ASSETS (Continued)

Biological assets as at 31 December 2009 and 30 June 2009 are stated at fair values less estimated point-of-sale costs and are analysed as follows:

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	31 December 2009 Total RMB'000	30 June 2009 Total RMB'000
Non-current portion	1,458,103	71,895	—	469,721	1,999,719	1,769,100
Current portion	—	—	626,223	—	626,223	953,427
	1,458,103	71,895	626,223	469,721	2,625,942	2,722,527

Note:

The fair value of biological assets is determined by the Directors with reference to the methodology and assumption adopted in the valuation for the year ended 30 June 2009.

12. INTERESTS IN ASSOCIATES

	Notes	31 December 2009 RMB'000	30 June 2009 RMB'000
Share of net assets		897,470	973,637
Amounts due from an associate	(a)	370	370
		897,840	974,007



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

12. INTERESTS IN ASSOCIATES (Continued)

Notes:

- (a) Amounts due from an associate are unsecured, interest-free and have no fixed terms of repayment.
- (b) Particulars of the principal associate of the Group at 31 December 2009 are as follows:

Name of company	Country of incorporation	Principal activity and place of operation	Particulars of issued and paid up capital	Interest held indirectly by the Company
Asian Citrus Holdings Limited ("Asian Citrus") [#]	Bermuda	Investment holding in Hong Kong	781,440,094 ordinary shares of HK\$0.01 each (30 June 2009: 77,055,980 ordinary shares of HK\$0.1 each)	28.34% (30 June 2009: 33.29%)

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

On 15 October 2009, the Group disposed of 3,853,032 ordinary shares of Asian Citrus, representing the Group's 5% of equity interest in Asian Citrus (the "Disposal"). The Disposal led to a loss of RMB10,724,000. Pursuant to the Disposal, the Group's interest in Asian Citrus reduced from 33.29% to 28.29%.

On 15 September 2009, Asian Citrus recommended the payment of final dividend of RMB0.8 per share for the financial year ended 30 June 2009 with an option offering its shareholders a scrip dividend as an alternative to the final cash dividend. In November 2009, the Group elected to receive the scrip dividend. The payment of final dividend was approved on 11 December 2009. As a consequence, the Group's interest in Asian Citrus increased from 28.29% to 28.44%, resulting in a gain on deemed acquisition of additional interest in Asian Citrus of RMB1,678,000.

Following the exercise of share options by the option holders of Asian Citrus during the period, the equity interest in Asian Citrus held by the Group was diluted from 28.44% to 28.34%, resulting in a loss on deemed disposal of interest in an associate of RMB3,297,000.

13. TRADE RECEIVABLES

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

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

	31 December 2009 RMB'000	30 June 2009 RMB'000
0–1 month	121,339	360,107
1–3 months	144,346	3,483
Over 3 months	10,177	17,611
	275,862	381,201

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

14. AMOUNTS DUE TO A RELATED COMPANY

The balance arose from the purchases of agricultural materials, as detailed in note 20, from a company of which Mr. Kwok Ho, the Chairman and the substantial shareholder of the Company, is a major shareholder. The balance was aged within 30 days (30 June 2009: within 30 days) as of the end of the reporting period.

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

15. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2009 RMB'000	30 June 2009 RMB'000
0–1 month	1,392	1,676
1–3 months	1,461	1,156
Over 3 months	8,832	3,127
	11,685	5,959

16. BANK LOANS

At 31 December 2009, the Group's bank loans were repayable within one year (30 June 2009: repayable within one year). The Group's bank loans were all denominated in RMB, interest bearing at fixed rates ranging from 4.37% to 5.58% per annum (30 June 2009: 4.37% to 5.84%).

At 31 December 2009, the Group had banking facilities totalling RMB17,000,000 (30 June 2009: RMB420,000,000), of which RMB17,000,000 (30 June 2009: RMB24,000,000) had been utilised. All banking facilities are secured by corporate guarantee provided by one of the subsidiaries (At 30 June 2009: Other than the banking facilities of RMB300,000,000 which is unsecured and has not yet been utilised, all banking facilities are secured by corporate guarantee provided by one of the subsidiaries).

17. GUARANTEED SENIOR NOTES

The Company issued US\$225,000,000, 7.75% guaranteed senior notes due on 8 February 2010 (the "Guaranteed Senior Notes") in February 2005 at an issue price of 98.985% (equivalent to RMB1,544,139,000 at 31 December 2009, net of discount capitalised) (30 June 2009: equivalent to RMB1,542,571,000, net of discount capitalised). The Guaranteed Senior Notes were listed on the Singapore Exchange Securities Trading Limited and were guaranteed by certain subsidiaries bearing interest at 7.75% per annum, payable semi-annually in arrears.

The Guaranteed Senior Notes has been fully repaid upon its maturity on 8 February 2010, as announced by the Company on 9 February 2010.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

18. DEFERRED TAX

At 31 December 2009 and 30 June 2009, deferred tax liabilities of approximately RMB20,655,000 were recognised in respect of the undistributed retained earnings of the PRC's subsidiaries.

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

19. SHARE CAPITAL

	Authorised ordinary shares of HK\$0.1 each		
	No. of shares (‘000)	HK\$‘000	RMB‘000
At 31 December 2009 and 30 June 2009	5,000,000	500,000	527,515
	Issued and fully paid ordinary shares of HK\$0.1 each		
	No. of shares (‘000)	HK\$‘000	RMB‘000
At 1 July 2008	2,431,788	243,180	257,306
Bonus issue (note (a))	97,399	9,739	8,571
Share issued under share option scheme	28,713	2,871	2,527
Share issued under share placements (note (b))	468,402	46,840	41,219
At 30 June 2009 and 1 July 2009	3,026,302	302,630	309,623
Share issued under share option scheme	17,565	1,757	1,546
At 31 December 2009	3,043,867	304,387	311,169

Notes:

- (a) On 21 October 2008, the Company made the bonus issue to its shareholders on the basis of one bonus share for every twenty-five shares of the Company recorded on the Register of Members of the Company on 10 December 2008. The bonus shares were credited as fully paid by way of capitalisation of amount of approximately HK\$9,739,000 (equivalent to approximately RMB8,571,000) in the share premium account of the Company. The bonus shares ranked *pari passu* in all respects with the Company's shares and did not allot any fractions of bonus shares.
- (b) On 19 February 2009, the Company entered into a placing of existing shares agreement and top up subscription of new shares agreement to place 80,402,000 ordinary shares of HK\$0.1 each at a price of HK\$5.00 each.

On 17 June 2009, the Company entered into a placing agreement to place 388,000,000 new ordinary shares of HK\$0.1 each at a price of HK\$4.60 each.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

20. RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2009	2008
	RMB'000	RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited (note (a))		
— Purchase of organic fertilisers (note (b))	280,314	268,077

Notes:

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

21. COMMITMENTS

(a) Capital commitments

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

	31 December	30 June
	2009	2009
	RMB'000	RMB'000
Contracted but not provided for		
— Research and development expenditure	15,700	41,200
— Purchases of property, plant and equipment	3,297	65,646
— Premium payments for land leases	600	600
— Investment in equity interest	—	2,200
	19,597	109,646

As at 31 December 2009 and 30 June 2009, other than the event as described in note 22, the Company had no other significant capital commitments.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2009 — Unaudited

21. COMMITMENTS (Continued)

(b) Operating lease commitments and arrangements

As lessee

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

	31 December 2009 RMB'000	30 June 2009 RMB'000
Within one year	192,207	189,770
In the second to fifth years, inclusive	734,652	728,282
After five years	3,028,537	3,057,384
	3,955,396	3,975,436

As lessor

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

	31 December 2009 RMB'000	30 June 2009 RMB'000
Within one year	2,006	1,069
In the second to fifth years, inclusive	9,341	4,085
After five years	3,500	1,066
	14,847	6,220

22. SUBSEQUENT EVENTS

On 24 December 2009, the Group and Elite Champion Management Limited ("Elite Champion") entered into an agreement pursuant to which the Group conditionally agreed to purchase from Elite Champion the 70% of the issued share capital of Keen Spirit Global Limited ("Keen Spirit"), at a consideration of HK\$450,000,000, which would be satisfied in full by allotment and issue of the shares of the Company (the "Acquisition"). Keen Spirit and its subsidiaries are principally engaged in the research and development of organism technologies. The Acquisition was completed in January 2010 and further details of the Acquisition are set out in the announcement of the Company dated 25 December 2009.

23. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the Board on 23 March 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Helped by the steady growth in vegetable cultivation business and the advantages brought by the enhancement of its core competitiveness, the Group continued to achieve good results for the six months ended 31 December 2009. The Group recorded a growth of 13% in turnover to RMB3,237 million (31 December 2008: RMB2,867 million). Gross profit of the Group increased by 9% to RMB2,069 million (31 December 2008: RMB1,892 million).

Profit from operations rose 20% to RMB1,363 million (31 December 2008: RMB1,139 million). In respect of the operating expenses, selling and distribution expenses amounted to RMB344 million (31 December 2008: RMB326 million), maintained at the same level of 11% of the turnover as the last financial period. General and administrative expenses reduced to RMB74 million from RMB134 million in the last financial period. The decrease was mainly due to the reduction in employee share option benefits as no share options were granted during the period. As a whole, the total operating expenses for the financial period under review decreased by 3% of the turnover as compared with the last financial period and amounted to RMB543 million.

Profit for the period attributable to owners of the Company amounted to RMB1,364 million, decreased by RMB533 million when compared with the last financial period's RMB1,897 million. Such profit in the last financial period included a gain of RMB782 million in the change in fair value of convertible bonds. After the early redemption of the remaining convertible bonds by the Company in June 2009, the results of the Group were no longer affected by this major non-cash flow item. The other major non-cash flow item, changes in fair value of biological assets, recorded a loss of RMB184 million (31 December 2008: a loss of RMB210 million). The loss was mainly due to the seasonal effect brought by the fallow agricultural land of the Group located in the north at the end of December 2009.

Excluding major non-cash flow items, profit for the period attributable to owners of the Company rose to RMB1,548 million, up 17% when compared with RMB1,324 million in the last financial period.

AGRICULTURAL LAND

As at 31 December 2009, the production base area of the Group's core business, including vegetable land, tea garden and fruit garden, amounted to 609,375 mu (40,625 hectares), an increase of 6% when compared with 572,975 mu (38,198 hectares) as at 31 December 2008. It also recorded an increase of 5% compared with 578,475 mu (38,565 hectares) as at 30 June 2009. The Group operates 34 production bases in 13 different provinces and cities in China.

The weighted average production area for vegetables as at 31 December 2009 increased by 10% to 479,837 mu (31,989 hectares) when compared with 435,020 mu (29,001 hectares) as at 31 December 2008. It also represented an increase of 9% when compared with 441,520 mu (29,435 hectares) as at 30 June 2009.



MANAGEMENT DISCUSSION AND ANALYSIS

SALES OF CROPS

Sales of crops continued to be the main source of revenue of the Group contributing to 99% of its turnover. Despite the general economic setback posed difficulties to global business, with the strategic dispersion of its production bases and through product mix to meet the demand, sales volume of crops, during the financial period under review, reached approximately 1.3 million tonnes. The yield for vegetables remained stable at 2.62 tonnes per mu and the yield per mu per harvest for vegetables amounted to 1.71 tonnes. The average selling price for crops was RMB2.47 per kg (31 December 2008: RMB2.44 per kg), with a slight increase of 1%. Sales of crops, thus, grew by 13% to RMB3,213 million (31 December 2008: RMB2,842 million).

In line with Chaoda's marketing strategy of selling most of its produce in the domestic market of China, approximately 75% of sales of crops were sold in this market to wholesale and institutional buyers with the remaining 25% for indirect export. Sales to wholesale and institutional buyers were 65% and 10% of sales of crops respectively.

BUSINESS REVIEW

Under the threat of the global financial crisis, the global consumer demand shrunk significantly and posed difficulties in business. Chaoda, however, achieved growth during the financial period under review. Despite unfavourable conditions, Chaoda expanded its business and maintained its market share by pursuing modern agriculture to enhance its core competitiveness.

Geographical Dispersion of Production Bases — Maximising Resources Efficiency in Vegetable Cultivation

Vegetable cultivation is an industry largely restricted by climate. To overcome such restriction on cultivation, Chaoda has taken the lead to invest in production bases spanning the country and has strived to apply modern technology to agriculture. By enhancing the level of technology in agriculture, reliance on climatic condition can be minimised and capability to prevent and mitigate the impacts of natural disaster can be raised. Chaoda also makes use of various climatic conditions at different latitudes and elevations of its production bases to grow suitable species of vegetables. By adjusting its cultivation for the cycle of supply, Chaoda is able to produce individual vegetables all year round with good quality and competitive price, which helps the Group maintain its strong competitiveness and serve as the key vegetable supplier of the 2008 Beijing Olympics.

Quality and Safety — Comprehensive Monitoring System

The Group adopts advanced system for tracking agricultural produce to assure quality and safety. Based on this system, every phase of cultivation is recorded, from disinfection of seeds, producing seedlings, planting, to harvesting and processing. Chaoda adopts standardised processes in seed selection, use of biological fertilizers and ecologically sensitive pest management. Chaoda centralises its technical support by its research and innovation team and tests of vegetables in its quality control centre prior to selling in the market. Such stringent quality control system ensures both the quality and safety of vegetables produced by Chaoda.

Marketing — Breaking Traditions of Sales

Chaoda has evolved technologically to the point that our overseas customers are able to obtain information regarding production processes of their orders while sitting in their offices. By clicking on the website and inputting their dedicated passwords, major customers can obtain information regarding their orders. This is an online platform specially designed for Chaoda's major customers to gain direct access to the information regarding each process of their orders ranging from production to sales of agricultural produce. The modern marketing strategy of Chaoda effectively enhances the bargaining power of crop producers as it allows crop producers to play an active role in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

Vegetables are perishable produce and transportation has always been a weak link for suppliers. Chaoda is able to supply produce directly to customers and reduces the involvement of the middlemen, which reduces both costs of production and time of delivery. In order to make what was a weak link into a competitive advantage, Chaoda organises a refrigerated transportation and logistics team to deliver fresh produce to the customers.

Technological Innovation — Fostering Chaoda's Core Productivity

To consolidate its position in domestic and overseas markets, Chaoda continues to introduce new products and further improve the quality of its products. Chaoda has established a modern agricultural technological innovation system which is responsible for research and development, testing and training to support its business development. Chaoda encourages innovation and endeavours to establish appropriate systems and create favourable environment to bring talents into full play. The Group's research and development is based on business development projects and is assessed by the success of the relevant projects. Incentives for personnel in research and development are determined on the basis of economic value of the projects. In addition to its internal resources, Chaoda also cooperates with domestic and overseas institutions to fully utilise available resources in research and development for enhancing its technological innovation and maintaining its leading technological advantages.

MARKET REVIEW AND OUTLOOK

The vegetable and fruit market of China was largely stable in 2009. However, vegetable exports (including frozen, processed and dried vegetables) slightly dropped by 2.0% to 8.027 million tonnes due to continuous impact of the financial crisis. The value of exports rose 5.2% to US\$6.77 billion.

In January 2010, the Central Committee of Communist Party of China and the State Council announced the No. 1 Document in respect of "Certain Opinions on the Coordination and Implementation of Rural Development" to address the "Three Rural Issues" on which the PRC government has put emphasis for the seven consecutive years. The document focuses on allocation of resources to rural areas, and encourages the development of good quality agricultural produce, green food and organic agricultural produce. It also emphasises the improvement on laws, regulations and policies of land contract management in rural areas. Specific methods will be made to ensure that the existing land contract management for rural areas remains stable and unchanged indefinitely in the future. In addition, the government continues to increase its investment in agriculture. In 2009, the investment of the central government in solving "Three Rural Issues" amounted to RMB725.3 billion, an increase of 22% as compared with 2008. In 2010, the government plans to invest RMB818.3 billion, an increase of RMB93 billion over 2009.

The foundation of Chaoda business model, "company + production bases + farmers", lies in land development. The government policy to maintain the existing land contract management for rural areas is favourable to the Group's long-term planning and stable growth. With the implementation of favourable policies for agricultural development and continuous improvement in the operating environment of agriculture, the Group believes that its prospects for growth remain promising. In the future, vegetable and fruit cultivation will continue to be its core business. The Group will be committed to expanding its production bases, enhancing its modern agricultural system and striving for further technological innovation. As such, it will continue to steer the industrialisation, standardisation and modernisation of the vegetable cultivation.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, cash and cash equivalents of the Group amounted to RMB3,012 million (31 December 2008: RMB1,700 million). The Group's cash and cash equivalents as at 30 June 2009 were RMB3,107 million. The Group's net cash inflow from operating activities for the financial period under review amounted to RMB1,655 million (31 December 2008: RMB1,624 million). The Group has maintained sound cash position and financed its business activities by revenue generated from its operations.

As at 31 December 2009, the total equity of the Group grew by 39% to RMB18,050 million (31 December 2008: RMB12,948 million). After the early redemption of the convertible bonds, the debt of the Group as at 31 December 2009 mainly comprised the guaranteed senior notes. The debt to equity ratio of the Group improved to 9% (31 December 2008: 22%) and the current ratio was 3 times (31 December 2008: 2 times).

Details of the guaranteed senior notes are set out in note 17 to the unaudited condensed consolidated financial statements.

As at 31 December 2009, the contracted but not provided for capital commitments of the Group are stated in note 21 to the unaudited condensed consolidated financial statements. As at that date, the Group did not have any material contingent liabilities.

SECURITIES IN ISSUE

During the financial period under review, the Company issued a total of 17,565,060 shares as a result of the exercise of share options by certain grantees under the existing share option scheme of the Company. As at 31 December 2009, the total number of issued ordinary shares of the Company was 3,043,867,151 with a nominal value of HK\$0.1 per share.

Details of movements in the issued share capital of the Company are set out in note 19 to the unaudited condensed consolidated financial statements.

CHARGE ON ASSETS

As at 31 December 2009, the Group had total banking facilities amounting to RMB17 million (31 December 2008: RMB410 million). These banking facilities were secured by corporate guarantee provided by one of the subsidiaries of the Group. Details of which are set out in note 16 to the unaudited condensed consolidated financial statements.

As at 31 December 2009, the shares of certain subsidiaries of the Group were pledged for the issuance of the guaranteed senior notes. Pursuant to its full repayment, the release of security is being arranged.

HUMAN RESOURCES

As at 31 December 2009, the Group employed approximately 23,282 employees (31 December 2008: 22,555 employees), of which 21,961 were employees worked on the farmlands (31 December 2008: 21,181 farmland employees).

Remuneration of employees is reviewed annually to maintain at a competitive level. The Group also makes reference to the labour market and economic condition. Other benefits like pension, insurance, education, subsidies and training programmes are provided to the employees as well. The Company would grant share options to appropriate employees pursuant to its existing share option scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE END OF THE FINANCIAL PERIOD

On 24 December 2009, one of the wholly-owned subsidiaries of the Company, Great Challenge Developments Limited ("Great Challenge"), entered into an agreement with the vendor, Elite Champion Management Limited, pursuant to which Great Challenge acquired 70% of the issued share capital of Keen Spirit Global Limited in order to advance new products by making use of the patents in organism technologies to develop edible vaccines derived from plants such as vegetables, fruits and seeds against viruses and bacteria. Details of the event were set out in the announcement dated 25 December 2009. The announcement is available at the websites of the Stock Exchange and the Company (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk). Upon fulfillment of the conditions set out in the agreement, a total number of 58,823,500 new shares were allotted and issued as consideration shares by the Company on 7 January 2010.

On 8 February 2010, the Company has repaid the guaranteed senior notes (listed in the Singapore Exchange Securities Trading Limited) in full. As of the date of this report, the guaranteed senior notes have been delisted from the Singapore Exchange Securities Trading Limited.



OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2009, the interests of the directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or otherwise as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long Positions in Shares of the Company

Name of director	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests	1,028,000	643,092,644	21.25%
	Corporate interests (Note)	642,064,644		
Mr. Chan Chi Po Andy	Personal interests	116,128	116,128	0.00%

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

Long Positions in Underlying Shares of the Company

Share Options in the Company

Name of director	Grant date	Exercisable period		Exercise price HK\$	Number of share options				Weighted average closing price HK\$ (Note)
		Starting	Ending		Balance as at 01/07/2009	Exercised during the period	Lapsed during the period	Balance as at 31/12/2009	
Mr. Kwok Ho	28/01/2003	01/07/2003 to 27/01/2013		1.500	22,113,000	—	—	22,113,000	—
	28/01/2003	01/01/2004 to 27/01/2013		1.500	22,113,000	—	—	22,113,000	—
	28/01/2003	01/01/2005 to 27/01/2013		1.500	22,113,000	—	—	22,113,000	—
Mr. Ip Chi Ming	17/08/2005	17/08/2009 to 16/08/2015		2.935	631,800	631,800	—	—	\$5.11
	24/10/2008	24/10/2008 to 23/10/2018		3.846	1,220,000	1,220,000	—	—	\$5.79
Dr. Li Yan	04/11/2005	04/11/2009 to 03/11/2015		2.815	421,200	—	—	421,200	—
	24/10/2008	24/10/2008 to 23/10/2018		3.846	2,080,000	1,000,000	—	1,080,000	\$6.06
Ms. Huang Xie Ying	04/11/2005	04/11/2005 to 03/11/2015		2.815	421,200	421,200	—	—	\$6.40
	04/11/2005	04/11/2006 to 03/11/2015		2.815	421,200	—	—	421,200	—
	04/11/2005	04/11/2007 to 03/11/2015		2.815	421,200	—	—	421,200	—
	04/11/2005	04/11/2008 to 03/11/2015		2.815	421,200	—	—	421,200	—
	04/11/2005	04/11/2009 to 03/11/2015		2.815	421,200	—	—	421,200	—
	24/10/2008	24/10/2008 to 23/10/2018		3.846	3,120,000	—	—	3,120,000	—
Mr. Kuang Qiao	04/11/2005	04/11/2009 to 03/11/2015		2.815	421,200	410,600	—	10,600	\$6.63
	24/10/2008	24/10/2008 to 23/10/2018		3.846	120,000	120,000	—	—	\$6.85
Mr. Chen Jun Hua	17/08/2005	17/08/2009 to 16/08/2015		2.935	631,800	631,800	—	—	\$8.37
	24/10/2008	24/10/2008 to 23/10/2018		3.846	2,120,000	2,120,000	—	—	\$8.37
Mr. Chan Chi Po Andy	17/08/2005	17/08/2007 to 16/08/2015		2.935	423,800	200,000	—	223,800	\$7.00
	17/08/2005	17/08/2008 to 16/08/2015		2.935	631,800	—	—	631,800	—
	17/08/2005	17/08/2009 to 16/08/2015		2.935	631,800	—	—	631,800	—
	24/10/2008	24/10/2008 to 23/10/2018		3.846	3,120,000	—	—	3,120,000	—

Note: This represents weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised.

OTHER INFORMATION

Save as disclosed above, as at 31 December 2009, none of the directors or their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2009, according to the register maintained by the Company in accordance with Section 336 of the SFO, the following parties, other than the directors of the Company, were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company:

Name	Capacity	Number of Shares/ Underlying Shares held <i>(Note 1)</i>	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. <i>(Note 2)</i>	Beneficial owner	642,064,644 (L)	21.22%
Janus Capital Management LLC	Investment manager	315,630,485 (L)	10.43%
Blackrock, Inc. <i>(Note 3)</i>	Interest of controlled corporation	171,643,409 (L)	5.65%
		920,000 (S)	0.03%

Notes:

- The letter "L" denotes a party's long position in such securities while the letter "S" denotes a party's short position in such securities.*
- Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability which is beneficially and wholly owned by Mr. Kwok Ho.*
- The interests included aggregate interests in 998,000 (L) underlying shares through its holding of listed cash settled equity derivatives.*



OTHER INFORMATION

SHARE OPTION SCHEME

The principal terms of the existing share option scheme of the Company were summarised and set out in the 2008/2009 annual report of the Company. During the financial period under review, details of the movements of the outstanding share options granted under this scheme were as follows:

Name or category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options			Balance as at 31/12/2009	Weighted average closing price HK\$ (Note 2)
		Starting	Ending		Balance as at 01/07/2009	Exercised during the period (Note 1)	Lapsed during the period		
Directors (Note 3)					84,018,400	6,755,400	—	77,263,000	—
Employees in aggregate	28/05/2004	01/01/2007 to 27/05/2014		2.279	446,940	—	—	446,940	—
	17/08/2005	17/08/2005 to 16/08/2015		2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2006 to 16/08/2015		2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2007 to 16/08/2015		2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2008 to 16/08/2015		2.935	210,600	—	—	210,600	—
	17/08/2005	17/08/2009 to 16/08/2015		2.935	421,200	100,000	—	321,200	\$6.85
	17/08/2005	01/09/2009 to 16/08/2015		2.935	1,474,200	—	1,474,200	—	—
	17/08/2005	01/09/2010 to 16/08/2015		2.935	1,474,200	—	1,474,200	—	—
	01/11/2005	01/11/2005 to 31/10/2015		2.802	22,120	—	—	22,120	—
	01/11/2005	01/11/2006 to 31/10/2015		2.802	42,120	—	—	42,120	—
	01/11/2005	01/11/2007 to 31/10/2015		2.802	497,016	—	—	497,016	—
	01/11/2005	01/11/2008 to 31/10/2015		2.802	1,139,536	200,000	—	939,536	\$6.06
	01/11/2005	01/11/2009 to 31/10/2015		2.802	1,423,656	42,120	—	1,381,536	\$6.06
	31/08/2006	01/04/2007 to 30/08/2016		3.837	15,763,350	1,431,800	—	14,331,550	\$4.84
	31/08/2006	01/04/2008 to 30/08/2016		3.837	21,668,740	4,668,090	—	17,000,650	\$6.28
	31/08/2006	01/04/2009 to 30/08/2016		3.837	23,281,050	3,468,820	—	19,812,230	\$6.81
	31/08/2006	01/04/2010 to 30/08/2016		3.837	24,176,880	—	210,600	23,966,280	—
	31/08/2006	01/04/2011 to 30/08/2016		3.837	24,176,880	—	210,600	23,966,280	—
	24/10/2008	24/10/2008 to 23/10/2018		3.846	1,580,800	284,000	—	1,296,800	\$5.75
	24/10/2008	24/10/2009 to 23/10/2018		3.846	1,268,800	173,630	624,000	471,170	\$6.59
	24/10/2008	24/10/2010 to 23/10/2018		3.846	1,268,800	—	624,000	644,800	—
	24/10/2008	24/10/2011 to 23/10/2018		3.846	1,268,800	—	624,000	644,800	—
	24/10/2008	24/10/2012 to 23/10/2018		3.846	1,268,800	—	624,000	644,800	—
Other Participants in aggregate	01/11/2005	01/11/2008 to 31/10/2015		2.802	210,600	210,600	—	—	\$6.85
	01/11/2005	01/11/2009 to 31/10/2015		2.802	210,600	210,600	—	—	\$6.85
	31/08/2006	01/04/2008 to 30/08/2016		3.837	1,300	1,300	—	—	\$6.85
	31/08/2006	01/04/2009 to 30/08/2016		3.837	315,900	18,700	—	297,200	\$6.85
	31/08/2006	01/04/2010 to 30/08/2016		3.837	1,053,000	—	—	1,053,000	—
	31/08/2006	01/04/2011 to 30/08/2016		3.837	1,053,000	—	—	1,053,000	—
Total					210,369,088	17,565,060	5,865,600	186,938,428	

OTHER INFORMATION

Notes:

1. Shares for 17,565,060 exercised share options were allotted during the six months ended 31 December 2009 (six months ended 31 December 2008: 13,787,475).
2. This represents weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised. A total of 17,565,060 share options were exercised during the six months ended 31 December 2009. The weighted average closing price of the share immediately before the dates on which the share options were exercised was approximately HK\$6.54.
3. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' Interests in Securities".
4. No share options have been granted or cancelled during the six months ended 31 December 2009.
5. The above share options granted are recognised as expenses in the accounts in accordance with the Company's accounting policy. The fair value of the share options granted is estimated using the Binomial Option Pricing Model. The Binomial Option Pricing Model required input of subjective assumptions such as the expected stock price volatility. Changes in the subjective input may materially affect the fair value estimates.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2009 (six months ended 31 December 2008: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2009.

AUDIT COMMITTEE

The Company's Audit Committee was established by the Board in 2000. It comprises three members all of whom are independent non-executive directors. They are Mr. Tam Ching Ho who presides as the Chairman, Mr. Fung Chi Kin and Ms. Luan Yue Wen.

The duties of the Audit Committee include, among other things, monitoring the integrity of the financial statements of the Group and reviewing significant financial reporting issues and judgments thereof before the financial statements are submitted to the Board. The Audit Committee together with the Company's auditors, Grant Thornton, have reviewed the unaudited condensed consolidated financial statements for the six months ended 31 December 2009.



OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2009, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, save and except for the segregation of the roles of the chairman and the chief executive officer as required under code provision A.2.1 of the Code. The Company views that with his profound knowledge and expertise in agriculture business as well as his contribution in leading the Group, it is in the best interests of the Company that Mr. Kwok Ho shall continue his dual capacity as the Chairman and Chief Executive Officer of the Company.

Other information on the Company's corporate governance practices was set out in the Corporate Governance Report contained in the 2008/2009 annual report of the Company.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, set out below are the changes to the particulars of directors of the Company since the date of the 2008/2009 annual report of the Company:

1. Mr. Ip Chi Ming, previously an executive director of the Company, was re-designated as a non-executive director and resigned as the authorised representative of the Company on 8 January 2010. Mr. Ip has also been appointed as an executive director of Suncorp Technologies Limited, a company listed on the Stock Exchange with effect from 25 February 2010.
2. Mr. Chan Chi Po Andy was appointed as the authorised representative of the Company in place of Mr. Ip Chi Ming on 8 January 2010.

OTHER INFORMATION

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Upon enquiry made by the Company, all of the directors have confirmed that they have complied with the standards set out in the Model Code during the six months ended 31 December 2009.

On behalf of the Board

Kwok Ho

Chairman

Hong Kong, 23 March 2010