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

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

Annual Report 2013/14



*For identification purposes only

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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS (RMB MILLION)

	For the year ended 30 June 2014	2013	% change
Reported financial information			
Revenue	1,271.2	1,485.9	-14.4
Gross profit	133.9	497.6	-73.1
EBITDA	-1,708.2	211.3	-908.4
(Loss)/profit before tax	-1,836.4	124.7	-1,572.7
(Loss)/profit attributable to shareholders	-1,839.2	114.4	-1,707.7
Basic (loss)/earnings per share (RMB)	-1.48	0.09	-1,744.4
Interim dividend per share (RMB)	–	0.03	-100.0
Interim special dividend per share (RMB)	–	0.02	-100.0
Final dividend per share (RMB)	–	0.05	-100.0
Total dividend per share (RMB)	–	0.10	-100.0
Adjusted core financial information#			
EBITDA	79.2	496.5	-84.0
(Loss)/profit before tax	-49.1	409.8	-112.0
(Loss)/profit attributable to shareholders	-51.8	399.6	-113.0
Basic (loss)/earnings per share (RMB)	-0.04	0.33	-112.1
Gross profit margin (%)	10.5	33.5	
Return on assets (%)	N/A	4.8	
Return on equity (%)	N/A	4.9	
Asset turnover (x)	0.20	0.18	
FINANCIAL POSITION (RMB million)			
Total assets	6,455.6	8,308.8	
Net current assets	2,130.1	2,363.2	
Cash and cash equivalents	1,804.7	2,141.2	
Shareholders' fund	6,237.5	8,091.0	
Current ratio (x)	21.84	23.62	

Adjusted core financial information refers to activities for the year excluding change in the carrying value of goodwill, change in fair value of biological assets and share-based payments.

It is my pleasure to present the annual results of Asian Citrus Holdings Limited (the "Company"), together with its subsidiaries (the "Group"). Looking back on my first six months as the Chief Executive Officer, it is clear that the Group faced numerous challenges in the year ended 30 June 2014. Whilst many of the challenges are of a temporary nature, they still take time to address. Accordingly, we have implemented new long-term and short-term strategic plans that we believe will restore the profitability of the Group through new sales initiatives as well as reducing costs.

Post the financial year end, Typhoon Rammasun (the "Typhoon") destroyed all banana trees planted in 2013, damaged certain farmland infrastructure and equipment and caused a significant volume of pre-mature fruit drop from existing oranges trees in Hepu Plantation and the temporary suspension of activities at two of BPG's plants. Approximately 220,000 banana trees are being replanted, following clearance of the damage caused by the Typhoon, with an expected harvest by the end of 2015. However, it will take a number of years for Hepu Plantation and harvests to fully recover. We nevertheless remain confident that the Group's performance will improve under our strong management team's leadership.

FINANCIAL HIGHLIGHTS

For the year ended 30 June 2014, the Group's total revenue decreased by 14.4% to RMB1,271.2 million (2013: RMB1,485.9 million). Adjusted core loss attributable to shareholders for the year (before the change in the carrying value of goodwill, change in fair value of biological assets and share-based payments) declined by 113% to RMB51.8 million (2013: adjusted core net profit RMB399.6 million), primarily reflecting the reduction in production yield and higher direct costs as a result of inclement weather; the decrease in average selling prices of both oranges and processed fruit; and the loss relating to damage caused by the Typhoon as highlighted in the Company's announcement to the market on 11 August 2014.

The Group recorded impairment losses of RMB853.4 million and RMB923.9 million from the change in the carrying value of goodwill and change in fair value of biological assets respectively during the year ended 30 June 2014. It is however worth noting that the change in the carrying value of goodwill and change in fair value of biological assets are non-operational and have no effect on the cash flow for the Group.

After taking into account the non-cash items of the change in the carrying value of goodwill, change in fair value of biological assets and share-based payments, the net loss attributable to shareholders for the year was RMB1,839.2 million (2013: net profit attributable to shareholders of RMB114.4 million).

OPERATIONAL REVIEW

The Group's three plantations in mainland China occupy a total area of approximately 103 square kilometres with two currently in operation: Hepu Plantation in Guangxi Zhuang Autonomous Region ("Guangxi") and Xinfeng Plantation in Jiangxi Province. Production at the third plantation in Hunan Province, Hunan Plantation, is delayed due to the impact of frosts but is scheduled to begin in 2016.

For the year ended 30 June 2014, the production yield at Hepu Plantation decreased by 17.7% to 74,239 tonnes (2013: 90,205 tonnes). The decreased production was mainly due to the replanting programme to replace the existing winter orange trees; the production yield not yet returning to volumes reported prior to the citrus canker; and the impact of frosts in Hepu in early 2014. The gross profit margin for Hepu Plantation fell from 43.0% last year to 12.8%, as a result of a decreased average selling price of 3.2% compared with last year, as well as increased direct costs incurred as a result of the inclement weather.

The production yield for the year ended 30 June 2014 at Xinfeng Plantation decreased by 4% to 123,228 tonnes (2013: 128,395 tonnes). The gross profit margin for Xinfeng Plantation decreased from 33.4% last year to 2.9%. The costs of maintaining the trees and plantation are fixed and when applied against a lower turnover this severely impacted the gross profit margin. This was further affected by (i) the persistent heavy rainfall, which not only negatively affected the growth of the winter orange crop but also caused some leaching of soil nutrients in Xinfeng Plantation, resulting in a higher volumes of fertilisers and pesticides being consumed in order to maintain output levels, and (ii) dyed oranges being sold by other individual suppliers in the Gannan areas which negatively impacted the selling prices of Xinfeng Plantation winter orange crop, resulting in a 16.9% decrease compared to last year.

Through our 92.94% equity interest in Beihai BPG, we also operate two fruit processing plants in Beihai City and Hepu County in Guangxi, covering a total site area of nearly 110,000 square metres, and have an annual production capacity of around 60,000 tonnes.

The Group will start to increase the overall production capacity with a third plant in Baise City, Guangxi, which commenced operations in 2014, after successfully completing trial productions. It normally takes between three to five years for a new plant to achieve full capacity, and therefore, it is expected that the utilisation rate of the new plant in the coming year will not be as high as the two existing plants.

STRATEGIC OVERVIEW

We are currently evaluating a number of accelerated strategies to streamline and restructure multiple aspects of our supply chain, including methods of reducing costs of pesticides and fertilisers, exploring new export opportunities, and changing the product mix in order to improve margins. Although the Group incurred increased costs due to adverse weather during the year, we are developing advanced management systems and cost reduction plans in order to mitigate the effect of future adverse weather events.

We have also been collaborating with renowned specialists and scientists, who visited our three plantations during the year. They have been instrumental in providing advice on production and product improvements as well as innovation in harvesting methods. We are also combining our efforts in finding innovative ways to recover our products from citrus canker. Separately, our current R&D effort is focusing on improving quality by means of size, i.e. larger citruses, and taste, which should lead to premium pricing of our products in both the current market as well as new potential export markets.

Furthermore, we have been putting a great deal of effort into our international networks in order to assess potential new market entries in premium growth regions. This will subsequently allow us to charge premium prices for our products. New sales initiatives within our current markets will also be a cornerstone of our strategy for the upcoming years.

CORPORATE GOVERNANCE

During the year, there were a number of changes to our management and the composition of the Company's board of directors (the "Board"). On behalf of the Board, I would like to express my appreciation to Mr. Tong Wang Chow, Hon Peregrine Moncreiffe and Mr. Ma Chiu Cheung, Andrew for their valuable contributions over the years. I would also like to welcome and congratulate Mr. Ng Hoi Yue, Mr. Tong Hung Wai, Tommy, Mr. Chung Koon Yan, Mr. Ho Wai Leung and Mr. Ng Cheuk Lun to their new positions in the Company.

With the changes to the Board's composition, five of the board members (over half) are independent non-executive directors and the roles of chairman and chief executive are now performed by separate individuals, in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") and reflects our commitment to good corporate governance.

DIVIDENDS

Our existing dividend policy stipulates a dividend of not less than 30% on our adjusted core net profit. However, in view of the Group's net loss in the current reporting year, the Board is recommending that no dividend is paid in respect of the year ended 30 June 2014, with the intention of recommending dividend payments when adjusted core net profit improves.

The Group is taking a prudent approach in managing its capital and reserves, in order to maintain the appropriate financial position and ensure sufficient funds are available to develop new products and growth opportunities, including through R&D and restructuring projects.

Finally, on behalf of the Board, I would like to take this opportunity to thank the whole team for their hard work and enthusiasm over the last year. Although I only accepted this position in March this year, it is already clear to me that, with their continued drive and determination, we can continue to deliver for our customers, our communities and our shareholders, building a bigger and better business for the years to come.

Ng Ong Nee
Chief Executive Officer

26 September 2014

OPERATING PERFORMANCE

Revenue

The breakdown of revenue by type is as follows:

	For the year ended 30 June			
	2014		2013	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Hepu Plantation	357,534	28.1%	449,230	30.2%
Xinfeng Plantation	375,273	29.5%	470,753	31.7%
Sales of oranges	732,807	57.6%	919,983	61.9%
Sales of processed fruit	537,472	42.3%	564,089	38.0%
Sales of self–bred saplings	892	0.1%	1,840	0.1%
Total revenue	1,271,171	100.0%	1,485,912	100.0%

Sales of oranges

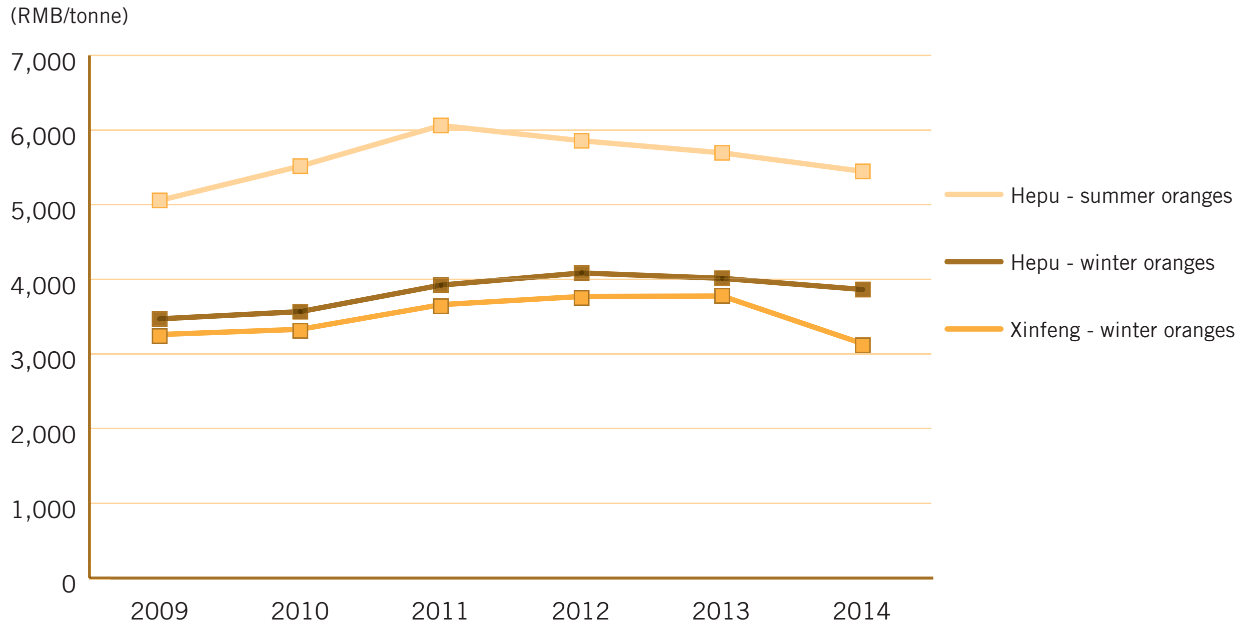
Revenue from sales of oranges decreased by approximately 20.3% to RMB732.8 million for the year ended 30 June 2014. This was mainly due to a decrease of approximately 9.7% in the production yield to 197,467 tonnes (2013: 218,600 tonnes) and approximately 11.8% decrease in average selling price.

The production yield from Hepu Plantation decreased by approximately 17.7% from 90,205 tonnes last year to 74,239 tonnes for the year ended 30 June 2014. The decreased production was mainly due to the replanting programme to replace the existing winter orange trees in the last year; the production yield not yet returning to volumes reported prior to the citrus canker; and the impact of frosts in Hepu in early 2014.

The production yield from Xinfeng Plantation decreased by approximately 4% from 128,395 tonnes last year to 123,228 tonnes for the year ended 30 June 2014, due to the inclement weather and persistent heavy rainfall, which not only negatively affected the growth of the winter orange crop but also resulted in the leaching of nutrients from the soil in Xinfeng Plantation. As a result of the poor growth and leaching, higher volumes of fertilisers and pesticides were consumed during the year in order to maintain output levels.

The following table and chart set out the average selling prices of oranges in different plantations:

	Year ended 30 June					
	2009 (RMB/tonne)	2010 (RMB/tonne)	2011 (RMB/tonne)	2012 (RMB/tonne)	2013 (RMB/tonne)	**2014 (RMB/tonne)**
Hepu Plantation						
– Summer Oranges	5,057	5,516	6,061	5,856	5,694	**5,446**
– Winter Oranges	3,470	3,567	3,922	4,085	4,013	**3,863**
Xinfeng Plantation						
– Winter Oranges	3,260	3,330	3,660	3,770	3,776	**3,137**



The average selling prices of the winter orange crop in both Hepu Plantation and Xinfeng Plantation decreased by approximately 3.7% and 16.9% respectively for the year ended 30 June 2014. This was mainly due to an increase in overall market supply of winter oranges in the Gannan areas (where Xinfeng Plantation is located) and an increase in the average maturity yield of orange trees reaching the peak level across the region. Additionally, local media reported that dyed oranges were sold in the Gannan areas, an incident which was unrelated to Asian Citrus. This negatively affected customer confidence in the domestic orange market as a whole and, in particular, the oranges from Jiangxi province.

The average selling price of the summer orange crop in Hepu Plantation decreased by approximately 4.4% for the year ended 30 June 2014. This was mainly due to the adverse impact on the yield of high quality oranges suffered from frosting weather early in 2014 at Hepu County, which decreased the sales volume of graded oranges to supermarkets, thereby reducing the average selling price.

All of the Group's oranges were sold on the domestic market. The Group's customers can be divided into three categories, namely supermarket chains, corporate customers and wholesale customers. The breakdown of sales by type of customer is as follows:

	For the year ended 30 June 2014	2013
	% of sales of oranges	
Supermarket chains	24.2%	27.9%
Corporate customers	43.1%	43.6%
Wholesale customers	32.3%	28.1%
Other	0.4%	0.4%
Total	100.0%	100.0%

For the year ended 30 June 2014, the volume and revenue from supermarket chains represented approximately 20.4% and 24.2% respectively of the total for the Group, compared to approximately 23.7% and 27.9% respectively for the year ended 30 June 2013; this percentage decrease reflects the inclement weather's disproportionate impact on the yield of graded oranges in 2014.

For Hepu Plantation and Xinfeng Plantation, the volume sold to supermarkets was 18,860 tonnes and 21,434 tonnes respectively for the year ended 30 June 2014 (2013: 24,907 tonnes and 26,901 tonnes).

The Group sells two types of oranges to customers, namely ungraded oranges and graded oranges. Ungraded oranges are packaged and customers are required to arrange for the transportation at their own expense. Generally, ungraded oranges are sold to wholesale customers. Graded oranges are oranges that the Group grades, packages and delivers to the customers at the Group's cost, usually to supermarket chains and some corporate customers. The graded oranges are branded under our label "Royal Star", at a premium price compared to the ungraded oranges. The sales breakdown of the types of oranges is as follows:

	For the year ended 30 June 2014	2013
	% of sales of oranges	
Graded oranges	13.4%	18.2%
Ungraded oranges	86.6%	81.8%
Total	100.0%	100.0%

Sales of processed fruit

The below table sets out the volume and revenue from the sales of processed fruit:

	For the year ended 30 June			
	2014		2013	
	Volume (Tonnes)	Revenue RMB'000	Volume (Tonnes)	Revenue RMB'000
Pineapple juice concentrates	16,275	144,209	18,295	176,929
Other juice concentrates	8,585	141,741	11,230	191,606
Mango purees	8,603	55,954	8,667	54,110
Other fruit purees	4,646	33,799	4,687	34,852
Frozen and dried fruit and vegetables	17,504	161,133	14,051	93,743
	55,613	536,836	56,930	551,240
Fruit juice trading	N/A	636	N/A	12,849
Total	55,613	537,472	56,930	564,089

The Group has three fruit processing plants in the People's Republic of China (the "PRC") which are located in Beihai City, Hepu County and Baise City, Guangxi ("BPG"). BPG processes over 22 different types of tropical fruit, including pineapples, passion fruit, lychees, mangoes and papayas (only products that account for over 10% of the revenue from the sales of processed fruit are shown in the table above).

Revenue from the sales of processed fruit decreased by approximately 4.7% to approximately RMB537.5 million for the year ended 30 June 2014, mainly due to (i) a decrease in fruit juice trading; (ii) a decrease in sales of pineapple juice concentrates; and (iii) a decrease in the selling price of these products as a result of competitive market.

The average utilisation rate of BPG was approximately 86.2% for the year ended 30 June 2014.

BPG currently generates most of its sales from the PRC market, with key customers being beverage mixers supplying major beverage groups.

Sales of self-bred saplings

For the year ended 30 June 2014, approximately RMB892,000 was generated from the sales of 74,334 self-bred saplings to local farmers.

Cost of sales

The breakdown of the Group's cost of sales is as follows:

	For the year ended 30 June 2014		2013	
	RMB'000	% of cost of sales of respective segment	RMB'000	% of cost of sales of respective segment
Inventories used				
Fertilisers	351,279	52.0%	297,510	52.2%
Packaging materials	28,982	4.3%	34,597	6.1%
Pesticides	117,356	17.4%	74,664	13.1%
	497,617	73.7%	406,771	71.4%
Production overheads				
Direct labour	66,482	9.8%	55,836	9.8%
Depreciation	73,821	10.9%	67,557	11.9%
Others	38,044	5.6%	39,600	6.9%
Cost of sales of oranges	675,964	100.0%	569,764	100.0%
Fruit	316,476	69.0%	258,550	62.0%
Packaging materials	30,468	6.7%	34,696	8.3%
Direct labour	33,647	7.3%	28,903	6.9%
Other production overheads	77,811	17.0%	95,017	22.8%
Cost of sales of processed fruit	458,402	100.0%	417,166	100.0%
Cost of sales of self–bred saplings	2,875		1,383	
Total	1,137,241		988,313	

Cost of sales of oranges consists of raw materials such as fertilisers, packaging materials, pesticides and other direct costs such as direct labour, depreciation and production overheads. The cost of sales of oranges increased by approximately 18.6% from approximately RMB569.8 million to RMB676.0 million. The increase in cost of sales was mainly due to the increase in consumption of both fertilisers and pesticides to minimise further damage from the inclement weather and persistent heavy rainfall in order to maintain output levels and higher labour costs incurred due to general wage inflation in the PRC. Consequently, the unit cost of production in Hepu Plantation and Xinfeng Plantation increased to approximately RMB4.20 and RMB2.96 per kg respectively for the year ended 30 June 2014 (2013: RMB2.84 per kg and RMB2.44 per kg respectively).

Cost of sales of processed fruit mainly includes the costs of raw material fruit and packaging materials and other direct costs such as direct labour and production overheads. For the year ended 30 June 2014, the cost of sales of processed fruit increased by approximately 9.9% from approximately RMB417.2 million to RMB458.4 million. This was mainly due to the increase in the cost of raw material as a result of limited supplies.

Gross profit

The Group's overall gross profit decreased by approximately 73.1% to approximately RMB133.9 million for the year ended 30 June 2014 (2013: RMB497.6 million). The overall gross profit margin decreased from approximately 33.5% to 10.5% for the year ended 30 June 2014.

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

	For the year ended 30 June	
	2014	2013
Hepu Plantation	12.8%	43.0%
Xinfeng Plantation	2.9%	33.4%

The decrease in gross profit margin was mainly due to (i) the average selling prices of the orange crop in Hepu Plantation and Xinfeng Plantation dropping by approximately 3.2% and 16.9% respectively; (ii) the cost of sales of oranges increased by approximately 18.6%, reflecting the increase in consumption of both fertilisers and pesticides to minimise further damage from the inclement weather and persistent heavy rainfall in order to maintain output levels; and (iii) higher labour costs incurred due to general wage inflation in the PRC.

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

	For the year ended 30 June	
	2014	2013
Sales of oranges	7.8%	38.1%
Sales of processed fruit	14.7%	26.0%

For BPG, the normalised gross profit margin for the year ended 30 June 2014 decreased to approximately 14.7% compared to 26.0% in the last year. It was mainly due to (i) the decrease in selling price; (ii) the increase in cost of raw materials due to limited supplies; and (iii) higher labour costs incurred.

Change in fair value of biological assets

The Group recognised a loss of RMB923.9 million from an adjustment in the fair value of biological assets for the year ended 30 June 2014, compared to a loss of RMB260.5 million in last year. The loss was mainly due to the decrease in production yield, higher cost of sales, the decrease in the market prices of both winter and summer oranges and the post year-end effect of Typhoon Rammasun (the "Typhoon"). The Board wishes to emphasise that the change in fair value of biological assets is non–operational and does not have any effect on the cash flow of the Group for the year ended 30 June 2014.

Selling and distribution expenses

Selling and distribution expenses comprise mainly of advertising, staff commission, salaries and welfare of sales personnel, traveling and transportation expenses. The selling and distribution expenses of the Group were broadly in line with last year at approximately RMB45.3 million for the year ended 30 June 2014 (2013: RMB45.6 million).

General and administrative expenses

General and administrative expenses comprise mainly of salaries, office administration expenses, depreciation, amortisation, and research costs. The general and administrative expenses of the Group increased by 19.5% from approximately RMB120.1 million last year to approximately RMB143.5 million for the year ended 30 June 2014. The increase included the loss on disposal of plant and machinery and written off of inventories for the year.

Other operating expenses

The Group recorded impairment losses of approximately RMB895.2 million on certain assets for the year ended 30 June 2014 (2013: Nil), which included:

Impairment losses relating to damage caused by the Typhoon

Impairment losses of approximately RMB36 million were provided relating to damage caused by the Typhoon, which was the largest typhoon to hit South China in 41 years. The Typhoon landed in Guangxi, where Hepu Plantation is located, in July 2014. The Typhoon (i) destroyed all banana trees, and as a result there was no harvest in September 2014; (ii) damaged certain farmland infrastructure, machinery and buildings such as windbreaks, greenhouse facilities, high and low voltage wires at Hepu Plantation and BPG; and (iii) caused BPG to temporarily suspend the activities of its two production plants, as a result of the suspension of electricity supply. Consequently, some inventories such as raw material were not used for the purposes for which they were originally acquired.

Change in the carrying value of goodwill

An impairment loss of approximately RMB853.4 million was provided for the change in the carrying value of goodwill (arising initially from the acquisition of Beihai BPG in November 2010 for a consideration of approximately HK$2.31 billion (equivalent to approximately RMB1.97 billion)), according to a comparison of the carrying value of goodwill as at 30 June 2014 and the recoverable amount assessed based on the current business and operating environment of BPG. The Board wishes to emphasise that the change in carrying value of goodwill is non-operational and does not have any effect on the cash flow of the Group for the year ended 30 June 2014.

Impairment loss on a project related to properties for sale

An impairment loss of approximately RMB5.8 million was provided on a project related to properties for sale in relation to the second phase of the agricultural wholesalers' market and orange processing centre, which is located in the Xinfeng County Zhongduan Industrial Park.

Loss for the year

The loss for the year ended 30 June 2014 was approximately RMB1,836.4 million, compared to a profit of approximately RMB124.7 million in last year, representing a decrease of approximately 15.7 times.

The adjusted core loss, which refers to the loss for the year excluding the change in carrying value of goodwill, change in fair value of biological assets and share-based payments for the year ended 30 June 2014 was approximately RMB49.1 million, compared to the adjusted core profit of approximately RMB409.8 million in last year, representing a decrease of approximately 112.0%.

DIVIDENDS

In view of the Group's net loss for the year, the Board does not recommend the payment of any dividend for the year ended 30 June 2014 (2013: RMB0.10 per ordinary share, which included the final dividend of RMB0.05, interim dividend of RMB0.03 and special dividend of RMB0.02).

The Group is taking a prudent approach in managing its capital and reserves, in order to maintain the appropriate financial position and ensure sufficient funds are available to develop new products and growth opportunities, including through R&D and restructuring projects.

PRODUCTIVITY

	For the year ended 30 June			
	2014		2013	
Types of product	Tonnes	% of total output	Tonnes	% of total output
Winter oranges	147,927	74.9%	161,233	73.8%
Summer oranges	49,540	25.1%	57,367	26.2%
Total	197,467		218,600	

The production yield of winter oranges decreased by 8.3% to 147,927 tonnes for the year ended 30 June 2014. The production yield of winter oranges in Hepu Plantation decreased by 24.8% from 32,838 tonnes last year to 24,699 tonnes this year, due to the replanting programme to replace the existing winter orange trees. In the previous year, 48,058 winter orange trees were removed and replanted with approximately 221,769 banana trees. The production yield of winter oranges in Xinfeng Plantation decreased by 4% from 128,395 tonnes last year to 123,228 tonnes this year, due to the inclement weather and persistent heavy rainfall, which not only affected the growth of the winter orange crop but also resulted in the leaching of nutrients from the soil in Xinfeng Plantation. Higher volumes of fertilisers and pesticides were consumed during the year in order to maintain output levels.

The production yield of summer oranges in Hepu Plantation decreased by 13.6% from 57,367 tonnes last year to 49,540 tonnes this year, due to the fact that production yield has not yet returned to volumes reported prior to the citrus canker, and production was also negatively impacted by frosts in Hepu in early 2014.

Unfortunately, the Typhoon destroyed all banana trees, and as a result there was no harvest in September 2014. The Typhoon also caused a significant volume of pre-mature fruit drop from existing oranges trees in Hepu Plantation, which will result in decreased production yield in particular for the upcoming winter and summer oranges in the financial year of 2015.

CAPITAL STRUCTURE

As at 30 June 2014 there were 1,249,637,884 shares in issue. Based on the closing price of HK$1.74 as at 28 June 2014, the market capitalisation of the Company was approximately HK$2,174.4 million (GBP165.0 million).

HUMAN RESOURCES

There were a total of 1,746 employees (excluding directors) of the Group as at 30 June 2014 (2013: 1,697 employees), staff costs for the year ended 30 June 2014 were approximately RMB143.0 million (2013: RMB131.4 million). The Group aims to attract, retain and motivate high calibre individuals with competitive remuneration packages. Remuneration packages are performance-linked and business performance, market practices and competitive market conditions are all taken into consideration in calculating remuneration. Remuneration packages, which are reviewed annually, include salaries/wages and other employee benefits, such as discretionary bonuses, mandatory provident fund contributions and share options.

FINANCIAL PERFORMANCE

	30 June 2014	30 June 2013
Current ratio (x)	**21.84**	23.62
Quick ratio (x)	**19.18**	21.14
Asset turnover (x)	**0.20**	0.18
Adjusted core net (loss)/profit per share (RMB)	**-0.04**	0.33
Basic (loss)/earnings per share (RMB)	**-1.48**	0.09
Net debt to equity (%)	**Net cash**	Net cash

Liquidity

The current ratio and quick ratio were 21.84 and 19.18 respectively. The liquidity of the Group has remained healthy with sufficient reserves for both current operational and future development.

Profitability

The asset turnover of the Group was approximately 0.20 (2013: 0.18) for the year ended 30 June 2014. The ratio has remained stable when compared to last year due to a decrease in revenue offset by a decrease in total assets as detailed previously.

The basic loss per share for the year ended 30 June 2014 was approximately RMB1.48 (2013: basic earnings per share of RMB0.09). This was mainly due to an increase in loss attributable to shareholders for the year.

The adjusted core net loss per share for the year ended 30 June 2014 was approximately RMB0.04 (2013: adjusted core net profit per share of RMB0.33), representing a decrease of approximately 112.1%.

Debt ratio

The net cash position of the Group was approximately RMB1,804.7 million at 30 June 2014 (2013: RMB2,141.2 million).

Internal cash resource

The Group's funding resource is internal cash and cash equivalents. The Group did not have any outstanding borrowings as at 30 June 2014.

Charge on assets and contingent liabilities

None of the Group's assets were pledged and the Group did not have any material contingent liabilities as at 30 June 2014.

Capital Commitments

As at 30 June 2014, the Group had capital commitments of approximately RMB9.7 million, mainly in relation to the construction of the farmland infrastructure in Hepu Plantation, Hunan Plantation and the acquisition of plant and machinery in BPG.

Foreign exchange risk

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

The Group has limited transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation is minimal. 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.

PLANTATIONS

The Group has three orange plantations in the PRC occupying approximately 155,000 mu (equivalent to approximately 103.3 sq.km.) of land in total, with approximately 46,000 mu (equivalent to approximately 30.7 sq.km.) located in the Hepu County of the Guangxi Zhuang Autonomous Region, Hepu Plantation, approximately 56,000 mu (equivalent to approximately 37.3 sq.km.) in the Xinfeng County of the Jiangxi province, Xinfeng Plantation, and approximately 53,000 mu (equivalent to approximately 35.3 sq.km.) in the Dao County of the Hunan province, Hunan Plantation.

Hepu Plantation

Hepu Plantation is fully planted and comprises approximately 1.2 million orange trees. The last batch of 48,058 winter orange trees was removed according to the replanting programme and we commenced a trial planting of banana trees in the same area for product diversification. A total of 221,769 banana trees were planted in August 2013. There was no harvest in September 2014 as all banana trees were destroyed by the Typhoon in July 2014.

Xinfeng Plantation

Xinfeng Plantation is fully planted and comprises 1.6 million winter orange trees.

Hunan Plantation

Hunan Plantation is under development and comprises approximately 1.05 million summer orange trees and approximately 723,360 grapefruit trees as at 30 June 2014. A further 26,960 grapefruit trees were planted in July 2014. At that time, the construction of Hunan Planation was completed. The first harvest of oranges is expected in 2016.

The below tables set out the age profile as at 30 June 2014 and the production yield of the plantations for the year ended 30 June 2014:

Summer orange trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
2	66,449	–	622,475	–	688,924	–
3	63,584	–	427,400	–	490,984	–
4	64,194	666	–	–	64,194	666
5	81,261	2,844	–	–	81,261	2,844
6	76,135	4,087	–	–	76,135	4,087
7	55,185	3,656	–	–	55,185	3,656
17	29,996	1,860	–	–	29,996	1,860
18	128,966	8,824	–	–	128,966	8,824
19	186,003	12,540	–	–	186,003	12,540
20	223,741	15,063	–	–	223,741	15,063
	975,514	49,540	1,049,875	–	2,025,389	49,540

Grapefruit trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
0	–	–	422,160	–	422,160	–
1	–	–	301,200	–	301,200	–
	–	–	723,360	–	723,360	–

Note: Grapefruit is a type of citrus fruit and is harvested during the winter period in the PRC.

Winter orange trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Xinfeng Plantation No. of trees	Xinfeng Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
7	–	–	400,000	27,757	400,000	27,757
8	–	–	400,000	27,503	400,000	27,503
9	46,077	4,061	400,000	29,644	446,077	33,705
11	180,180	16,462	400,000	38,324	580,180	54,786
12	42,300	4,176	–	–	42,300	4,176
	268,557	24,699	1,600,000	123,228	1,868,557	147,927
Total					4,617,306	197,467

The below tables set out the age profile as at 30 June 2013 and the production volume of the plantations for the year ended 30 June 2013:

Summer orange trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
1	66,449	–	622,475	–	688,924	–
2	63,584	–	427,400	–	490,984	–
3	64,194	–	–	–	64,194	–
4	81,261	1,326	–	–	81,261	1,326
5	76,135	2,831	–	–	76,135	2,831
6	55,185	2,689	–	–	55,185	2,689
16	29,996	2,587	–	–	29,996	2,587
17	128,966	11,134	–	–	128,966	11,134
18	186,003	17,436	–	–	186,003	17,436
19	223,741	19,364	–	–	223,741	19,364
	975,514	57,367	1,049,875	–	2,025,389	57,367

Grapefruit trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Hunan Plantation No. of trees	Hunan Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
0	–	–	301,200	–	301,200	–
	–	–	301,200	–	301,200	–

Note: Grapefruit is a type of citrus fruit and is harvested during the winter period in the PRC.

Winter orange trees

Age	Hepu Plantation No. of trees	Hepu Plantation Yield (tonnes)	Xinfeng Plantation No. of trees	Xinfeng Plantation Yield (tonnes)	Total No. of trees	Total Yield (tonnes)
6	–	–	400,000	27,860	400,000	27,860
7	–	–	400,000	28,907	400,000	28,907
8	46,077	3,963	400,000	31,052	446,077	35,015
10	180,180	18,341	400,000	40,576	580,180	58,917
11	42,300	4,574	–	–	42,300	4,574
16	–	3,142	–	–	–	3,142
17	–	1,246	–	–	–	1,246
18	–	1,572	–	–	–	1,572
	268,557	32,838	1,600,000	128,395	1,868,557	161,233
Total					4,195,146	218,600

Note: 24,937 winter orange trees (age: 16), 10,133 winter orange trees (age: 17) and 12,988 winter orange trees (age: 18) were removed during the year ended 30 June 2013.

VALUATION OF BIOLOGICAL ASSETS

The Group engaged an independent valuer to perform a valuation on the fair value of the orange trees less costs to sell as at 30 June 2014.

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. The independent valuer began 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 then deducted 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 to arrive at a fair value of the biological assets.

Major 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 the independent valuer using information supplied by the Group, as well as proprietary and third-party data, as follows:

1) The discount rate applied for the year ended 30 June 2014 was 18.0% (2013: 18.0%). The discount rate reflected the expected market return on the asset and can be affected by the interest rate, market sentiments and risk of the asset versus the general market risk.

2) 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 15, remains stable for about 10 years, and then starts to decline from age 25 to 35.

3) The market prices variables represent the assumed market price for the summer oranges and winter oranges produced by the Group. The independent valuer adopted the market sales prices prevailing as at the relevant reporting date for each type of orange produced by the Group as the sales price estimate. For the year ended 30 June 2014, the wholesale prices per tonne of winter and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB3,270, RMB5,150 and RMB3,110, respectively; the supermarket selling prices per tonne of winter and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB5,320, RMB7,030 and RMB5,180, respectively. For the year ended 30 June 2013, the selling prices per tonne of winter and summer oranges from Hepu Plantation and winter oranges from Xinfeng Plantation adopted were RMB3,320, RMB5,220 and RMB3,740, respectively.

4) The cost of sales 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 cost of sales variables are determined by reference to actual costs incurred for areas that have been previously harvested and cost information for comparable areas with regards to areas that have not been harvested previously.

Sensitivity analysis

1) Changes in the discount rate applied result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to an increase or decrease of 1.0% in the discount rate of 18.0% applied by the independent valuer for the year ended 30 June 2014:

	1.0% Decrease	Base Case	1.0% Increase
Discount rate	17.0%	18.0%	19.0%
Net change in fair value of biological assets (RMB'000)	(793,857)	(923,857)	(1,043,857)

2) Changes in the yield per orange tree can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the yield per tree applied for the year ended 30 June 2014:

	5.0% Decrease	Base Case	5.0% Increase
Net change in fair value of biological assets (RMB'000)	(1,063,857)	(923,857)	(783,857)

3) Changes in assumed market prices of the oranges can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the assumed market prices of oranges as at 30 June 2014 used to calculate the changes in fair value of orange trees less costs to sell for the year ended 30 June 2014:

	5.0% Decrease	Base Case	5.0% Increase
Net change in fair value of biological assets (RMB'000)	(1,243,857)	(923,857)	(603,857)

4) Changes in the assumed cost of sales can also result in significant fluctuations in the changes in fair value of orange trees less costs to sell. The following table illustrates the sensitivity of the Group's net change in fair value of orange trees less costs to sell to a 5.0% increase or decrease in the Group's assumed cost of sales used to calculate the changes in fair value of orange trees less costs to sell for the year ended 30 June 2014:

	5.0% Decrease	Base Case	5.0% Increase
Net change in fair value of biological assets (RMB'000)	(723,857)	(923,857)	(1,113,857)

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

Valuation

According to the valuation report of the independent valuer, the aggregate value of the orange trees in Hepu Plantation and Xinfeng Plantation as at 30 June 2014 was estimated to be approximately RMB1,080 million (2013: RMB1,983 million).

EXECUTIVE DIRECTORS

Mr. NG Ong Nee, *Chief Executive Officer and a member of the Remuneration Committee*

Mr. Ng Ong Nee, aged 61, joined the Board on 3 March 2014. He has over 30 years of commercial and managerial experience in a variety of businesses and industries, including, in particular, strategic management, biological business and capital markets. Before joining the Company, he worked as a chief executive officer for a number of companies with multi-national businesses and investments. He has been responsible for leading, developing and executing the overall strategy and the day-to-day operations. He has been an Executive Committee member of the Chinese Enterprises Investment Association since 2013 and he was the vice president of the Hong Kong Australia Investment Association between 2007 and 2012. He was also a past president of the Shenzhen-Hong Kong Business Association between 2006 and 2009.

Mr. TONG Hung Wai, Tommy, *Vice Chairman, Sales and Marketing Director*

Mr. Tong Hung Wai, Tommy, aged 45, is the co-founder of the Group. He was appointed as an Executive Director on 18 November 2003. He is also a director of several subsidiaries of the Company. He is responsible for sales and marketing of the Group and has approximately 11 years of experience in marketing and business management with the Group. He obtained a bachelor of business degree in international business from Queensland University of Technology, Australia. He is the son of Mr. Tong Wang Chow, the Honorary Chairman and a substantial shareholder of the Company.

Mr. CHEUNG Wai Sun, *Executive Director*

Mr. Cheung Wai Sun, aged 55, joined the Board on 18 November 2003. He is also a director of several subsidiaries of the Company. He has over 10 years extensive knowledge and experience in agricultural business in the PRC. He was a member of the Chinese People's Political Consultative Conference Guangdong Province Meizhou Municipal Committee and a general committee member of the Hong Kong Federation of Guangdong Hakka Associations.

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

Mr. Pang Yi, aged 45, 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 also a director of several subsidiaries of the Company. 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. He had been appointed by the Guangxi Foreign Trade and Economic Cooperation Department as investment service supervisor of Guangxi Zhuang Autonomous Region from 2002 to 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Hoi Yue, *Non-Executive Chairman and Chairman of the Remuneration Committee and the Audit Committee*

Mr. Ng Hoi Yue, aged 50, joined the Board on 15 March 2013. He is an associate member of The Institute of Chartered Accountants in England and Wales and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in England. He has been practising as a certified public accountant in Hong Kong since 1989. He is currently an independent non-executive director of See Corporation Limited (stock code: 491) and Imperial Pacific International Holdings Limited (stock code: 1076), of which the shares are listed on the HKEx. He was an independent non-executive director of Landing International Development Limited (stock code: 582), of which the shares are listed on the HKEx, between 26 November 2010 and 2 October 2013. He has the professional qualifications and accounting expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on the HKEx (the "Hong Kong Listing Rules").

Mr. YANG Zhen Han, *a member of the Audit Committee*

Mr. Yang Zhen Han, aged 82, joined the Board on 2 June 2004. He obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. He is a machine-building specialist with over 30 years of experience. He 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. In addition, he was a member of Guangzhou Chinese People's Political Consultative Conference from 2002 to 2007.

Dr. LUI Ming Wah, *SBS JP*

Dr. Lui Ming Wah, SBS JP, aged 76, joined the Board on 2 June 2004. He is an industrialist serving as the honorary chairman, the president and the honorary president of the Hong Kong Electronic Industries Association, Hong Kong Shandong Chamber of Commerce and The Chinese Manufacturers Association of Hong Kong, respectively. He was a member of the Chinese People's Political Consultative Conference. He was elected as a member of 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 re-elected for a term of four years each. He is an adviser professor of Shandong University. He 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 and an independent non-executive director of a few other companies, the shares of which are listed on the Main Board/the Growth Enterprise Market of the HKEx, 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).

Mr. CHUNG Koon Yan, *a member of the Audit Committee and the Remuneration Committee*

Mr. Chung Koon Yan, aged 50, joined the Board on 12 November 2013. He obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. He is a practising member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and an associate member of The Institute of Chartered Accountants in England and Wales. He is a director of Chiu, Choy & Chung C.P.A. Limited and has more than 20 years of experience in accounting, auditing and taxation. Currently, He is an independent non-executive director of Great World Company Holdings Limited (stock code: 8003), the shares of which are listed on the Growth Enterprise Market of the HKEx. He was an independent non-executive director of China Financial Leasing Group Limited (stock code: 2312), Landsea Green Properties Co., Limited (stock code: 106) and Well Way Group Limited (stock code: 8063), the shares of which are listed on the Main Board/the Growth Enterprise Market of the HKEx.

Mr. HO Wai Leung, *a member of the Remuneration Committee*

Mr. Ho Wai Leung, aged 43, joined the Board on 12 November 2013. He obtained a bachelor's degree in business accounting from the University of Lincolnshire and Humberside. He is a fellow member of the Association of Chartered Certified Accountants in England and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in accounting, auditing and financial reporting areas. He is also the managing director of Torch Consulting Group Limited, a financial and management consulting company with business interests in South East Asia. In addition, he is a director of Softec Digital (Hong Kong) Limited, Torch Consultants Limited and Chedington Properties Limited.

SENIOR MANAGEMENT

Mr. HUANG Xin, aged 59, is a director of BPG Food and Beverage Holdings Limited. He is also a director of several subsidiaries of the Company. He is responsible for the overall business management and operations of the Group's processed fruit business. He has over 10 years of experience in the processing of tropical fruit juice business and related products. He obtained a bachelor's degree in Arts from Guangxi University in 1982 and a master's degree in Laws from Minzu University of China in 1997. He is a vice president of the China Beverage Industry Association Juice Branch. He was appointed as the general manager of Beihai Perfuming Garden Juice Company Limited from 2000 and Hepu Perfuming Garden Food Company Limited in 2005, respectively.

Mr. MAN Guifu, aged 54, is a director of BPG Food and Beverage Holdings Limited, responsible for the daily operation and management of the Group's processed fruit business. He is also a director of several subsidiaries of the Company. He has over 10 years of experience in the processing of tropical fruit juice business and related products. He was appointed as the deputy general manager in Beihai Perfuming Garden Juice Company Limited in 2000 and Hepu Perfuming Garden Food Company Limited in 2005, respectively. He obtained a bachelor's degree in Light Industry Machinery from Guangxi Engineering College in 1981.

Mr. LIU Geng Feng, aged 73, is the head of the Group's research and development team. He joined the Group in January 2000. Before joining the Group, he supervised the PhD programme at the Hunan Agriculture Research Institute for 36 years.

Madam ZHAO Li Na, aged 55, is the financial controller of the Hepu Plantation. She joined the Group in January 2003 and has over 20 years of experience in the financial management and accounting field in the PRC.

Mr. XIAN Jia Xu, aged 50, is the assistant general manager of the Hepu Plantation. He joined the Group in January 2000. He obtained his bachelor's degree in agriculture from the University of Guangxi in 1986 and has worked for Tropicana China Beihai Food Company Limited. He has over 15 years of experience in agricultural and cultivation management.

Mr. ZHONG Kun He, aged 50, joined the Group in March 2000 and is the executive controller of the Xinfeng Plantation. He graduated from the Zhanjiang Agriculture Professional School specializing in fruits tree management. He previously worked for Tropicana China Beihai Food Company Limited which was the original owner of the Hepu Plantation. He has over 20 years of experience in agricultural and cultivation management.

Mr. WU Feng, aged 45, joined the Group in August 2007 and is the deputy general manager of the Hunan Plantation. He 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, aged 62, 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 of America (the "USA") in 1987. He is a Faculty Affiliate of the Department of Soil and Crop Sciences at Colorado State University in the USA. He was a Chief Scientist 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. He 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 USA, 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 20 years.

Mr. NG Cheuk Lun, aged 37, joined the Company in July 2011 as the financial controller of the Group and was appointed as the Company Secretary and the Chief Financial Officer of the Group on 1 July 2013 and 3 March 2014, respectively. He is responsible for overseeing the accounting, finance and treasury functions of the Group as well as investor relations. He is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia.

The directors of the Company (the "Directors") are pleased to present their report on the affairs of the Company, together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the independent auditor's report, for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The Company is an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003. The principal activities of the Group are planting, cultivation and selling of agricultural produce, manufacturing and sale of fruit juice concentrates, fruit purees and frozen fruit and vegetables. The Group currently owns and operates three orange plantations and three processing plants in the PRC.

BUSINESS REVIEW

A review of the Group's performance, business activities and development is included in the Chief Executive Officer's Statement and the Management Discussion And Analysis on pages 3 to 20 of this annual report.

RESULTS

The loss attributable to shareholders for the year is set out in the Consolidated Statement of Profit or Loss on page 50.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2014 (2013: RMB0.10 per ordinary share, which included the final dividend of RMB0.05, interim dividend of RMB0.03 and special dividend of RMB0.02).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 111.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the Consolidated Statement of Changes of Equity on page 55 and Note 27(a) to the Consolidated Financial Statements respectively. As at 30 June 2014, the Company's reserves available for distribution amounted to approximately RMB3,955,632,000 (2013: RMB3,993,880,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in Note 15 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

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

On 6 December 2013, 1,715,000 and 7,802,000 new ordinary shares of HK$0.01 each were issued at the exercise prices of GBP0.112 and GBP0.139 respectively upon the exercise of a total of 9,517,000 share options under the share option scheme.

On 19 December 2013, 10,562,329 new ordinary shares of HK$0.01 each were issued at the price of HK$2.74 per share to shareholders participating in the scrip dividend.

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such listed securities during the year ended 30 June 2014.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 27(b) to the Consolidated Financial Statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are set out below:

Director

Executive Directors
Mr. Ng Ong Nee *(Chief Executive Officer)* (appointed on 3 March 2014)
Mr. Tong Hung Wai, Tommy *(Vice Chairman)*
Mr. Cheung Wai Sun
Mr. Pang Yi
Mr. Tong Wang Chow (resigned on 3 March 2014)

Independent Non-executive Directors ("INEDs")
Mr. Ng Hoi Yue *(Non-executive Chairman)*
Dr. Lui Ming Wah, SBS JP
Mr. Yang Zhen Han
Mr. Chung Koon Yan (appointed on 12 November 2013)
Mr. Ho Wai Leung (appointed on 12 November 2013)
Hon Peregrine Moncreiffe (retired on 12 November 2013)
Mr. Ma Chiu Cheung, Andrew (retired on 12 November 2013)

Change in the Information of Directors

Hon Peregrine Moncreiffe retired as an INED and ceased to be a member of the remuneration committee of the Board (the "Remuneration Committee") with effect from the conclusion of the annual general meeting of the Company (the "AGM") held on 12 November 2013.

Mr. Ma Chiu Cheung, Andrew retired as an INED and ceased to be the chairman of the audit committee of the Board (the "Audit Committee") and a member of the Remuneration Committee with effect from the conclusion of the AGM held on 12 November 2013.

Mr. Chung Koon Yan was appointed as an INED and a member of both the Audit Committee and the Remuneration Committee with effect from 12 November 2013.

Mr. Ho Wai Leung was appointed as an INED and a member of the Remuneration Committee with effect from 12 November 2013.

Mr. Tong Wang Chow resigned as an Executive Director and ceased all his other offices of the Company (including the Executive Chairman and an authorised representative under the Rules Governing the Listing of Securities on the HKEx (the "Hong Kong Listing Rules" and the "Authorised Representative", respectively)) but was appointed as the Honorary Chairman and Group Consultant of the Company, all with effect from 3 March 2014.

Mr. Ng Hoi Yue was appointed as the chairman of the Audit Committee and the Non-executive Chairman of the Company with effect from 12 November 2013 and 3 March 2014, respectively.

Mr. Tong Hung Wai, Tommy was appointed as the Vice Chairman and an Authorised Representative of the Company with effect from 3 March 2014.

Mr. Ng Ong Nee was appointed as an Executive Director and the Chief Executive Officer of the Company with effect from 3 March 2014. With effect from the same date, he was also appointed as a member of the Remuneration Committee.

The Board would like to express its gratitude to Mr. Tong Wang Chow, Hon Peregrine Moncreiffe and Mr. Ma Chiu Cheung, Andrew for their valuable contributions over the years, and welcome and congratulate Mr. Ng Hoi Yue, Mr. Ng Ong Nee, Mr. Tong Hung Wai, Tommy, Mr. Chung Koon Yan and Mr. Ho Wai Leung to their new positions in the Company.

Rotation

In accordance with bye-law 87(2) of the Company's Bye-laws (the "Bye-Laws"), any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the first general meeting of shareholders after his appointment or until the next following AGM of the Company and be subject to re-election at such meeting. Accordingly, Mr. Ng Ong Nee, Mr. Chung Koon Yan and Mr. Ho Wai Leung will retire from office at the forthcoming AGM and being eligible, offer themselves for re-election.

In accordance with bye-laws 88(1) and 88(2) of the Bye-Laws, one-third of the Directors (other than those appointed pursuant to bye-law 87(2) of the Bye-Laws) shall retire from office by rotation and, being eligible, offer themselves for election. Accordingly, Mr. Tong Hung Wai, Tommy and Dr. Lui Ming Wah, SBS JP will retire from office at the forthcoming AGM, and both of them, being eligible, offer themselves for re-election thereat.

Dr. Lui Ming Wah, SBS JP has served as an INED for more than 9 years. Pursuant to code provision A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules, his further re-election will be subject to a separate resolution to be approved by the shareholders.

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on page 44 of this annual report.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the INEDs an annual confirmation of his independence in writing pursuant to Rule 3.13 of the Hong Kong Listing Rules and the Board considers them to be independent.

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

As at 30 June 2014, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and the HKEx, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out below:

		Number of ordinary 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
Mr. Tong Hung Wai, Tommy	Share options	–	–	–	1,900,000 *(Note 1)*	1,900,000	0.15%
Mr. Cheung Wai Sun	Share options	–	–	–	1,200,000 *(Note 2)*	1,200,000	0.10%
Mr. Pang Yi	Ordinary shares/ Share options	452,043	–	–	5,740,000 *(Note 3)*	6,192,043	0.50%
Dr. Lui Ming Wah, SBS JP	Share options	–	–	–	500,000 *(Note 4)*	500,000	0.04%
Mr. Yang Zhen Han	Share options	–	–	–	500,000 *(Note 5)*	500,000	0.04%

Notes:

(1) 550,000 shares would be allotted and issued to Mr. Tong Hung Wai, Tommy, an Executive Director upon the exercise in full of the share options granted to him, under a share option scheme adopted by the Company on 29 June 2005 and terminated upon the commencement of dealings of the shares on the HKEx on 26 November 2009 (the "Share Option Scheme"). These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014. These share options were lapsed on 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 him under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

750,000 shares would be allotted and issued to Mr. Tong Hung Wai, Tommy upon the exercise in full of the share options granted to him under a post listing share option scheme adopted by the Company on 2 November 2009 and became effective upon the commencement of dealings of the shares on the HKEx on 26 November 2009 (the "Post Listing Share Option Scheme"). These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(2) 90,000 shares would be allotted and issued to Mr. Cheung Wai Sun, an Executive Director upon the exercise in full of the share options granted to him under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014. These share options were lapsed on 26 July 2014.

360,000 shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to him under the Share Option Scheme. These share options, all of which remained exercisable as at the 30 June 2014, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

750,000 shares would be allotted and issued to Mr. Cheung Wai Sun upon the exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(3) 900,000 shares would be allotted and issued to Mr. Pang Yi, an Executive Director upon the exercise in full of the share options granted to him under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of £0.112 per share during the period from 3 August 2006 to 2 August 2015.

480,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to him under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of £0.2045 per share during the period from 27 July 2007 to 26 July 2014. These share options were lapsed on 26 July 2014.

960,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to him under the Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of £0.139 per share during the period from 15 October 2009 to 2 August 2015.

3,400,000 shares would be allotted and issued to Mr. Pang Yi upon the exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(4) 500,000 shares would be allotted and issued to Dr. Lui Ming Wah, SBS JP, an INED upon the exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

(5) 500,000 shares would be allotted and issued to Mr. Yang Zhen Han, an INED upon the exercise in full of the share options granted to him under the Post Listing Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$5.68 per share during the period from 27 May 2011 to 26 May 2018.

Save as disclosed above, none of the Directors, the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of SFO) as at 30 June 2014 as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSTIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, so far as is known to the Directors, the persons or companies (other than the Directors and the chief executive) who/which had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of shares held	Capacity/ Nature of interest	Approximate percentage of interest in the issued share capital of the Company
Market Ahead Investments Limited ("Market Ahead") *(Note 1)*	237,695,367	Beneficial owner	19.02%
Mr. Tong Wang Chow *(Note 1)*	237,695,367	Interest of controlled corporation	19.02%
	4,170,000	Beneficial owner	0.33%
Mrs. Tong Lee Fung Kiu *(Note 1)*	237,695,367	Interest of spouse	19.02%
Sunshine Hero Limited ("Sunshine Hero") *(Note 2)*	116,692,681	Beneficial owner	9.34%
Ms. Xu Xuefeng *(Note 2)*	116,692,681	Interest of controlled corporation	9.34%
Huge Market Investments Limited ("Huge Market") *(Note 3)*	73,715,394	Beneficial owner	5.90%
Chaoda Modern Agriculture (Holdings) Limited ("Chaoda") *(Note 3)*	73,715,394	Interest of controlled corporation	5.90%
Desmarais Andre *(Note 4)*	75,282,000	Trustee	6.02%
Desmarais Jacqueline *(Note 4)*	75,282,000	Trustee	6.02%
Desmarais Jr. Paul *(Note 4)*	75,282,000	Trustee	6.02%
Fortin Guy *(Note 4)*	75,282,000	Trustee	6.02%
Plessis-Belair Michel *(Note 4)*	75,282,000	Trustee	6.02%
Nordex Inc. *(Note 5)*	75,282,000	Interest of controlled corporations	6.02%
Gelco Enterprises Ltd. *(Note 5)*	75,282,000	Interest of controlled corporations	6.02%
Power Corporation of Canada *(Note 5)*	75,282,000	Interest of controlled corporations	6.02%
Power Financial Corporation *(Note 5)*	75,282,000	Interest of controlled corporations	6.02%
IGM Financial Inc. *(Note 5)*	75,256,000	Interest of controlled corporations	6.02%

Notes:

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

Mr. Tong Wang Chow (resigned as an Executive Director on 3 March 2014)	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 237,695,367 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 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) Ms. Xu Xuefeng is the sole owner of Sunshine Hero and is deemed to be interested in 116,692,681 shares held by Sunshine Hero by virtue of the SFO.

(3) The entire issued share capital of Huge Market is held by Chaoda. Chaoda is deemed to be interested in 73,715,394 shares held by Huge Market by virtue of the SFO.

(4) Each of Desmarais Andre, Desmarais Jacqueline, Desmarais Jr. Paul, Fortin Guy and Plessis-Belair Michel are the trustees of the Desmarais Family Residuary Trust. Hence, by virtue of the SFO, all of them are deemed to be interested in the same 75,282,000 shares owned by the said trust.

(5) Mackenzie Financial Corporation whose entire issued share capital is owned by Mackenzie Inc. beneficially owned 75,256,000 shares. Mackenzie Inc. is wholly-owned by IGM Financial Inc. which in turn is owned as to 58.63% by Power Financial Corporation.

Power Financial Corporation is owned as to 65.78% by 171263 Canada Inc. which in turn is wholly-owned by Power Corporation of Canada. Power Corporation of Canada is owned as to 53.61% by Gelco Enterprises Ltd. which in turn is 94.95% owned by Nordex Inc.

Great-West Lifeco Inc. which is owned as to 67% by Power Financial Corporation owned an aggregate of 26,000 shares through two of its indirect wholly-owned subsidiaries.

Therefore, by virtue of the SFO,

a. each of Nordex Inc., Gelco Enterprises Ltd., Power Corporation of Canada, 171263 Canada Inc., Power Financial Corporation and IGM Financial Inc. was deemed to be interested in the same 75,256,000 shares; and

b. each of Nordex Inc., Gelco Enterprises Ltd., Power Corporation of Canada, 171263 Canada Inc. and Power Financial Corporation was deemed to be interested in the same 26,000 shares.

(6) The Company's total number of issued shares was 1,249,637,884 on 30 June 2014.

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

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

A summary of each of the principal terms of the Share Option Scheme and the Post Listing Share Option Scheme was included in the Company's listing document dated 23 November 2009 under the section "Appendix IV Statutory and General Information – D. Other Information – I. Share Option Scheme".

Movements of the respective share options granted under the Share Option Scheme and the Post Listing Share Option Scheme during the year ended 30 June 2014 are as follows:

Name or Category of participant	Number of Underlying Shares comprised in Options: Balance as at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2014	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors/chief executive									
Mr. Tong Hung Wai, Tommy	550,000	–	–	–	550,000*	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	600,000	–	–	–	600,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	750,000	–	–	–	750,000	27/5/2010	27/5/2011 –26/5/2018	HKD5.68	–
Mr. Cheung Wai Sun	90,000	–	–	–	90,000*	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	360,000	–	–	–	360,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	750,000	–	–	–	750,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Pang Yi	900,000	–	–	–	900,000	3/8/2005	3/8/2006–2/8/2015	GBP0.112	–
	480,000	–	–	–	480,000*	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	960,000	–	–	–	960,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	3,400,000	–	–	–	3,400,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Dr. Lui Ming Wah, SBS JP	500,000	–	–	–	500,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Yang Zhen Han	500,000	–	–	–	500,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Employees and others:									
In aggregate	3,725,000	–	1,715,000	–	2,010,000	3/8/2005	3/8/2006–2/8/2015	GBP0.112	HKD2.78
	2,770,000	–	–	–	2,770,000*	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	890,000	–	–	–	890,000	14/9/2007	14/9/2008–2/8/2015	GBP0.2425	–
	9,602,000	–	7,802,000	–	1,800,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	HKD2.78
	23,734,000	–	–	–	23,734,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
	20,000,000	–	–	–	20,000,000	28/2/2011	28/2/2012–27/2/2019	HKD9.00	–
	70,561,000	–	9,517,000	–	61,044,000				

* These share options were lapsed on 26 July 2014.

Movements of the respective share options granted under the Share Option Scheme and the Post Listing Share Option Scheme during the year ended 30 June 2013 are as follows:

Name or Category of participant	Number of Underlying Shares comprised in Options Balance as at 1 July 2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2013	Date of grant	Exercisable period	Exercise price per share	Weighted average closing price
Directors/chief executive									
Mr. Tong Wang Chow	1,500,000	–	–	–	1,500,000	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	1,500,000	–	–	–	1,500,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	850,000	–	–	–	850,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Tong Hung Wai, Tommy	550,000	–	–	–	550,000	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	600,000	–	–	–	600,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	750,000	–	–	–	750,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Cheung Wai Sun	90,000	–	–	–	90,000	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	360,000	–	–	–	360,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	750,000	–	–	–	750,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Pang Yi	900,000	–	–	–	900,000	3/8/2005	3/8/2006–2/8/2015	GBP0.112	–
	480,000	–	–	–	480,000	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	960,000	–	–	–	960,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	–
	3,400,000	–	–	–	3,400,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Hon Peregrine Moncreiffe	500,000	–	–	–	500,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Dr. Lui Ming Wah, SBS JP	500,000	–	–	–	500,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Yang Zhen Han	500,000	–	–	–	500,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Mr. Ma Chiu Cheung, Andrew	500,000	–	–	–	500,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
Employees and others:									
In aggregate	4,140,000	–	415,000	–	3,725,000	3/8/2005	3/8/2006–2/8/2015	GBP0.112	HKD2.78
	1,270,000	–	–	–	1,270,000	27/7/2006	27/7/2007–26/7/2014	GBP0.2045	–
	890,000	–	–	–	890,000	14/9/2007	14/9/2008–2/8/2015	GBP0.2425	–
	9,524,000	–	1,422,000	–	8,102,000	15/10/2008	15/10/2009–2/8/2015	GBP0.139	HKD2.78
	21,884,000	–	–	–	21,884,000	27/5/2010	27/5/2011–26/5/2018	HKD5.68	–
	20,000,000	–	–	–	20,000,000	28/2/2011	28/2/2012–27/2/2019	HKD9.00	–
	72,398,000	–	1,837,000	–	70,561,000				

Other than as disclosed above, no other share option was granted, cancelled, exercised or lapsed pursuant to the Share Option Scheme and the Post Listing Share Option Scheme of the Company during the year ended 30 June 2014 and none of the Directors or chief executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation (with the meaning of Part XV of the SFO).

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in Notes 2(q)(i) and 10(b) to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the issued shares in the Company were held by the public (i.e. the prescribed public float applicable to the Company under Rule 8.08 of the Hong Kong Listing Rules) during the year and up to the date of this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Apart from the information disclosed under the section headed "Connected Transactions" below, there was no other contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted at the end of the year or at any time during the year, and in which the Directors had direct or indirect material interest, nor was there any other contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 30 June 2014, none of the Directors were interested in any business which competed or was likely to compete directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the ordinary course of business are provided under Note 32 to the Consolidated Financial Statements. The transaction stated below constitute continuing connected transaction as defined in Chapter 14A of the Hong Kong Listing Rules.

On 3 March 2014, the Company has entered into a business consultant contract (the "Business Consultant Contract") with Mr. Tong Wang Chow for a term of three years from 3 March 2014 to 2 March 2017 (both days inclusive) whereby Mr. Tong Wang Chow will provide advisory services to the Group taking into account his knowledge and experience in the field of plantation and food industry and his knowledge of the Group's business and affairs. Mr. Tong Wang Chow will be entitled to an annual consultancy fee of HK$1,950,000 payable on a monthly basis.

Mr. Tong Wang Chow was an Executive Director of the Company from 18 November 2003 to 3 March 2014. He was appointed as the Honorary Chairman of the Company on 3 March 2014 and is also deemed to be a substantial shareholder of the Company. As at 30 June 2014, Mr. Tong Wang Chow holds 241,865,367 ordinary shares of the Company representing approximately 19.35% of the total issued shares in the Company through (i) 320,000 shares of the Company; (ii) interested in certain options entitling him to subscribe for a total of 3,850,000 shares of the Company at an exercise price ranging from GBP0.139 to HK$5.680 per share during the period from 27 July 2007 to 26 May 2018; and (iii) 237,695,367 shares of the Company held through Market Ahead Investments Limited ("Market Ahead") which he beneficially owned 76% of the total issued share capital of Market Ahead. Accordingly, Mr. Tong Wang Chow is a connected person of the Company under the Hong Kong Listing Rules and the transaction contemplated under the Business Consultant Contract (the "Transaction") constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

For the year ended 30 June 2014, the annual total consultancy fee paid of approximately HK$590,000 to Mr. Tong Wang Chow (2013: Nil) which was within the applicable annual cap of approximately HK$641,000.

The Directors (including the Independent Non-executive Directors) have reviewed the continuing connected transaction of the Company and confirmed that it was (i) entered into in the ordinary and normal course of business of the Group; (ii) on normal commercial terms; and (iii) entered into in accordance with the relevant agreements regulating these transactions and on terms that are reasonable and fair and are in the interests of the shareholders of the Company as a whole.

The Company's independent auditor was engaged to report on the Company's continuing connected transaction in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The independent auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transaction disclosed above by the Company in accordance with the Hong Kong Listing Rules 14A.38.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 13.7% of the Group's total sales for the year and sales to the Group's largest customer amounted to approximately 3.7%.

Purchases from the Group's five largest suppliers accounted for approximately 37.5% of the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 11.8%.

At any time during the year, none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers or suppliers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMMUNICATIONS WITH SHAREHOLDERS

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

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

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 39 to 47 of this annual report.

EMOLUMENT POLICY

As at 30 June 2014, the Group had 1,746 employees, compared to 1,697 employees in the previous financial year.

The Company has set up the Remuneration Committee and its functions and duties are, amongst other matters, to review and approve the overall remuneration policy of the Group as well as to recommend to the Board the remuneration packages for Executive Directors and senior management.

The remuneration policy and package of the Group's employees are structured by reference to market terms in all localities in which the Group operates, for the purpose of recruiting and retaining suitable talents. The Group also provides other employee benefits such as, discretionary bonuses, mandatory provident fund contributions and a share option scheme to the employees.

Details of the Directors' emoluments and individuals with the highest emoluments are set out in Notes 12 and 13 to the Consolidated Financial Statements and on pages 44 to 45 of the Corporate Governance Report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are provided in Note 33 to the Consolidated Financial Statements.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the Company's independent auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 30 June 2014.

INDEPENDENT AUDITOR

The financial statements were audited by Baker Tilly Hong Kong Limited which will retire at the forthcoming AGM. A resolution will be proposed at such meeting to re-appoint Baker Tilly Hong Kong Limited as independent auditor of the Company and authorise the Board to fix its remuneration.

By order of the Board

Ng Ong Nee
Executive Director

26 September 2014

Cheung Wai Sun
Executive Director

26 September 2014

The information set out on pages 39 to 47 and the information incorporated by reference constitutes the Corporate Governance Report of the Company.

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment will in the long term serve to enhance shareholders' value.

The Directors, where practicable, for an organisation of the Group's size and nature sought to adopt two corporate governance codes set out below:

1. The UK Corporate Governance Code which is the key source of corporate governance recommendations for listed companies in the United Kingdom and consists of principles of good governance. It consists of principles of good governance covering the following areas: (i) Leadership; (ii) Effectiveness; (iii) Accountability; (iv) Remuneration; and (v) Relations with shareholders.

2. On 23 February 2012, the Company also adopted the Corporate Governance Code (the "Code") contained in the amended Appendix 14 to the Hong Kong Listing Rules, which took effect on 1 April 2012 as its code on corporate governance practices.

The Company has complied with all the code provisions as set out in the Code for the year ended 30 June 2014 except the deviations set out below:

Code Provision A.2.1

Chairman and Chief Executive

During the period from 1 July 2013 to 2 March 2014, the roles of Chairman and Chief Executive Officer were performed by the same individual, Mr. Tong Wang Chow, and were not separated. The Board meets regularly to consider issues related to corporate matters affecting the operations of the Group. The Board considers that the structure will not impair the balance of power and authority of the Board and the Company's management and, thus, believes that this structure will enable effective planning and implementation of corporate strategies and decisions.

With effect from 3 March 2014, Mr. Tong Wang Chow resigned as an Executive Director of the Company and ceased all his other offices of the Company (including the Executive Chairman). On the same date, Mr. Ng Hoi Yue was appointed as the Non-executive Chairman. Also with effect from the same date, Mr. Ng Ong Nee was appointed as the Chief Executive Officer of the Company. Since then, the roles of chairman and chief executive have been performed by separate individuals, in compliance with provision A.2.1 of the Code.

Mr. Ng Hoi Yue, the Non-executive Chairman, is responsible for overseeing the functions of the Board, ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. These are all in compliance with the provision set forward in the paragraph A.2 of the Code.

Mr. Ng Ong Nee, the Chief Executive Officer, is responsible for leadership of the Group's business, the development and implementation of strategies and managing the overall operations. Within the authorities delegated by the Board he is responsible for developing strategy proposals, ensuring that the financial results, business strategies and, where appropriate, targets and milestones are communicated to the investment community, shareholders and other relevant stakeholders.

Code Provision A.5.1

The Company does not have a Nomination Committee. The Directors do not consider that, given the size of the Group and stage of its development, it is necessary to have a Nomination Committee. However, this will be kept under regular review by the Board. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size and composition. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of the INEDs, the independence requirements set out in the Hong Kong Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Executive Directors and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provision E.1.2

The chairman of the Board should attend the AGM. He should also invite the chairmen of the Audit Committee and the Remuneration Committee to attend. However, Mr. Tong Wang Chow, the former Executive Chairman, was unable to attend the AGM held on 12 November 2013 (the "2013 AGM") due to other business engagements. In the absence of the former Executive Chairman, Mr. Tong Hung Wai, Tommy, an Executive Director, took the chair of the 2013 AGM pursuant to the provisions of the Company's Bye-Laws to ensure an effective communication with the shareholders thereat.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM of the London Stock Exchange and takes all reasonable steps to ensure compliance by the Directors and any relevant employees. The Company also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for dealings in the securities. Following a specific enquiry of all Directors made by the Company, each of them has confirmed that he had fully complied with the required standard as set out in the Model Code throughout the year ended 30 June 2014.

BOARD OF DIRECTORS

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

Board Composition

The Board is comprised of four Executive Directors and five INEDs. Each of the Executive Directors has a wealth of agricultural experience and all the INEDs have a wealth of experience in finance and corporate development. The Directors are satisfied that the composition of the Board meets the objective of ensuring checks and balances in the Company's management. This diversity of experiences enables the Board to enhance good corporate governance and performance standard and to bring in valuable contributions and objective advices for the development of the Group.

Responsibilities of the Board

The Board formulates the long term strategies of the Group and is responsible for leading the Group in the areas of management, businesses, research and innovation as well as financial performance. There is a clear division of responsibilities between the Board and the management. Decisions delegated by the Board to the management include implementation of the policy and direction determined by the Board, monitoring the business operation, preparation of financial statements, corporate governance and compliance with applicable laws and regulations.

The Bye-Laws of the Company set out the responsibilities and proceedings of the Board. Significant operational policies have to be discussed and approved by the Board. To enable the Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Board Diversity Policy

The Board has adopted the board diversity policy with effect from 1 September 2013 and discussed all measurable objectives set for implementing the policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Board Meetings

During the year ended 30 June 2014, there were 6 meetings held by the Board and the attendance records of the Directors are shown on the table below:

	Number of meetings attended	
	Board meetings	Annual general meeting
Executive Directors		
Mr. Tong Wang Chow *(Executive Chairman and Chief Executive Officer)*, resigned on 3 March 2014	6 out of 6	0 out of 1
Mr. Ng Ong Nee *(Chief Executive Officer)*, appointed on 3 March 2014	0 out of 0	N/A
Mr. Tong Hung Wai, Tommy	5 out of 6	1 out of 1
Mr. Cheung Wai Sun	6 out of 6	0 out of 1
Mr. Pang Yi	5 out of 6	0 out of 1
INEDs		
Mr. Ng Hoi Yue *(Non-executive Chairman)*	6 out of 6	1 out of 1
Dr. Lui Ming Wah, SBS JP	5 out of 6	1 out of 1
Mr. Yang Zhen Han	5 out of 6	0 out of 1
Mr. Chung Koon Yan, appointed on 12 November 2013	3 out of 3	N/A
Mr. Ho Wai Leung, appointed on 12 November 2013	3 out of 3	N/A
Hon Peregrine Moncreiffe, retired on 12 November 2013	2 out of 2	0 out of 1
Mr. Ma Chiu Cheung, Andrew, retired on 12 November 2013	2 out of 2	1 out of 1

The Board is scheduled to meet at least four times a year at approximately quarterly intervals with notice given to the Board of Directors at least 14 days in advance. For additional Board meetings which require discussion and resolution of significant issues arising during the operation of the Company, notice is given in a reasonable time in advance. Before each Board meeting, a draft agenda is sent out to all Directors at least three days or such other period as agreed in advance in order to allow the Directors to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to make informed decisions, Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors three days or such other period as agreed before each Board meeting. The Company Secretary of the Company are responsible for keeping the minutes of all Board meetings. Draft minutes are normally circulated to the Directors for comments within a reasonable time after each meeting and the final version is open for the Directors' inspection. Minutes of meetings of the Board and the Board committees record in detail the matters considered and the decisions reached, including any concerns raised by the Directors or dissenting views expressed. According to the Hong Kong Listing Rules, any Directors and their close associates (as defined in the Hong Kong Listing Rules) who have a conflict of interest or with a material interest in the transactions to be discussed at the physical Board meetings will abstain from voting on resolutions approving such transactions and will not be counted in the quorum at meetings.

Profile of the Directors are set out on pages 21 to 24 of this annual report. Save as disclosed, none of the Directors has any relationship including financial, business, family or other material relationship with each other.

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

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure a proper understanding of the Company's operations and business and full awareness of the Director's responsibilities under the statues and common law, the Hong Kong Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars and sends the relevant materials to Directors to develop and refresh their knowledge and skills. In addition to their own participation in professional training, relevant training materials and regulatory updates were provided to the Directors by the Company during the year.

All Directors have confirmed to fulfill the continuous professional development requirement for the year ended 30 June 2014.

INEDs

In compliance with Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules, there are five INEDs representing more than one-third of the Board. Among the five INEDs, at least one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Hong Kong Listing Rules.

The Company has received from each of its INEDs a written confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company, based on such confirmations, considers Mr. Ng Hoi Yue, Dr. Lui Ming Wah, SBS JP, Mr. Yang Zhen Han, Mr. Chung Koon Yan and Mr. Ho Wai Leung are independent.

All INEDs have entered into letters of appointment with the Company for a term of three years. Under the Bye-Laws of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first AGM after his appointment and be subject to re-election at such meeting by the shareholders. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Apart from this, one-third of the directors, including the non-executive directors, are subject to retirement by rotation and re-election at each AGM in accordance with the Bye-Laws and prescribed by the Hong Kong Listing Rules.

BOARD COMMITTEES

The Board has established two committees, namely the Remuneration Committee and the Audit Committee, with specific responsibilities as set out in their respective terms of reference.

The Board has adopted the terms of reference for corporate governance functions set out in the Code. The Board is responsible for performing the corporate governance functions and has reviewed the Company's policies and practices on corporate governance.

Remuneration Committee

The Remuneration Committee has adopted the approach under code provision B.1.2(c)(i) of the Code to determine and review 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. Ng Hoi Yue, an INED, and comprises Mr. Ng Ong Nee, an Executive Director, Mr. Chung Koon Yan and Mr. Ho Wai Leung, both are INEDs.

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 Remuneration Committee aims to attract, retain and motivate high-caliber individuals with competitive remuneration packages.

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

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

During the year, the Remuneration Committee has duly discharged the responsibility mentioned above. There were 2 meetings held by the Remuneration Committee during the year ended 30 June 2014. The attendance records of each of the Remuneration Committee member are shown in the table below:

Remuneration Committee members	Number of meetings attended
Mr. Ng Hoi Yue *(Chairman)*	2 out of 2
Mr. Ng Ong Nee, appointed on 3 March 2014	N/A
Mr. Chung Koon Yan, appointed on 12 November 2013	1 out of 1
Mr. Ho Wai Leung, appointed on 12 November 2013	1 out of 1
Mr. Tong Wang Chow, resigned on 3 March 2014	2 out of 2
Hon Peregrine Moncreiffe, retired on 12 November 2013	0 out of 1
Mr. Ma Chiu Cheung, Andrew, retired on 12 November 2013	1 out of 1

Service Contracts

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

Name of Executive Director	Title	Commencement date of service agreement/ supplement to service agreement	Remuneration per annum HKD
Mr. Ng Ong Nee	Chief Executive Officer	3 March 2014	1,560,000
Mr. Tong Hung Wai, Tommy	Executive Director	17 November 2012	1,105,000
Mr. Cheung Wai Sun	Executive Director	17 November 2012	780,000
Mr. Pang Yi	Executive Director	17 November 2012	1,300,000

The following INEDs have entered into letters of appointment and supplements to letter of appointment in connection with services to be provided to the Company, details of which are set out below:

Name of INEDs	Commencement date of appointment	Term (years)	Directors' fee per annum HKD
Mr. Ng Hoi Yue	15 March 2013	3	240,000
Dr. Lui Ming Wah, SBS JP	17 November 2012	3	240,000
Mr. Yang Zhen Han	17 November 2012	3	240,000
Mr. Chung Koon Yan	12 November 2013	3	240,000
Mr. Ho Wai Leung	12 November 2013	3	240,000

Emoluments of Directors and Senior Management

Directors	Salaries, bonus and benefits for the year ended 30 June 2014 RMB'000
Executive Directors	
Mr. Ng Ong Nee, appointed on 3 March 2014	432
Mr. Tong Hung Wai, Tommy	1,062
Mr. Cheung Wai Sun	721
Mr. Pang Yi	1,209
Mr. Tong Wang Chow, resigned on 3 March 2014	1,235
INEDs	
Mr. Ng Hoi Yue	216
Dr. Lui Ming Wah, SBS JP	216
Mr. Yang Zhen Han	216
Mr. Chung Koon Yan, appointed on 12 November 2013	137
Mr. Ho Wai Leung, appointed on 12 November 2013	137
Mr. Ma Chiu Cheung, Andrew, retired on 12 November 2013	139
Hon Peregrine Moncreiffe, retired on 12 November 2013	124

Pursuant to code provision B.1.5 of the Code, the annual remuneration for the year ended 30 June 2014 of the members of the senior management (other than the above Directors) whose particulars are contained in the section headed "Directors and Senior Management Profile" in this annual report by band is set out below:

Remuneration band*	Number of individuals
Below RMB1 million	9
Between RMB1 million to RMB2 million	0
	9

* rounding to the nearest RMB in million

Share option scheme and Post Listing Share Option Scheme

Details of the share option scheme are shown on pages 33 to 34 of this annual report.

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 external auditors relating to the annual and interim financial statements, and monitoring the accounting and internal control systems in use throughout the Group. The Audit Committee is chaired by Mr. Ng Hoi Yue, and comprises Mr. Yang Zhen Han and Mr. Chung Koon Yan, all are INEDs.

During the year, the Audit Committee has duly discharged the responsibility mentioned above. There were 4 meetings held by the Audit Committee during the year ended 30 June 2014. The attendance records of each of the Audit Committee member are shown in the table below:

Audit Committee members	Number of meetings attended
Mr. Ng Hoi Yue *(Chairman)*	4 out of 4
Mr. Yang Zhen Han	4 out of 4
Mr. Chung Koon Yan, appointed on 12 November 2013	3 out of 3
Mr. Ma Chiu Cheung, Andrew, retired on 12 November 2013	1 out of 1

INDEPENDENT AUDITOR'S REMUNERATION

For the year ended 30 June 2014, the remuneration in respect of audit services provided by the independent auditor of the Company, Baker Tilly Hong Kong Limited, amounted to RMB2,340,000 and no non-audit service was provided by it.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 June 2014, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors must keep proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Group and the Company. The Directors must ensure that the financial statements comply with applicable laws and follow the International Financial Reporting Standards.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Company for the year ended 30 June 2014 is set out in the Independent Auditor's Report on pages 48 to 49 of this annual report.

INTERNAL CONTROL

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

The Company engaged a major accounting firm to act as internal control consultant to conduct independent review on specific areas of the internal control system of the Group for the year ended 30 June 2014 and submitted its report to the Audit Committee and the Board. No significant weaknesses in internal controls were found during the independent review.

COMPANY SECRETARY

Mr. Ng Cheuk Lun, the Company Secretary of the Company, is responsible for facilitating the Board process, as well as communications among the Board members, with shareholders and management. For the year ended 30 June 2014, he has fulfilled professional training requirement.

SHAREHOLDERS' RIGHTS

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times has/have the right, by written requisition sent to the Board or Company 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 meeting shall be held within two months after the deposit of such requisition.

Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request to the Company Secretary of the Company stating the resolution intended to be moved at the general meeting or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

As regards proposing a person for election as a director, the procedures are available on the website of the Company.

The above procedures are subject to the Company's Bye-Laws, the Bermuda Companies Act 1981 and applicable legislation and regulation (as amended from time to time). Shareholders who have enquiries about the above procedures or have enquiries to be put to the Board may write to the Company Secretary of the Company at the principal place of business at Rooms 1109-1111, Wayson Commerical Building, 28 Connaught Road West, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents during the year.

BAKER TILLY
HONG KONG | 天職香港

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

We have audited the consolidated financial statements of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 110, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 30 June 2014, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 26 September 2014

Chan Kwan Ho, Edmond
Practising certificate number P02092

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2014

	Note	2014 RMB'000	2013 RMB'000
Turnover	7	1,271,171	1,485,912
Cost of sales		(1,137,241)	(988,313)
Gross profit		133,930	497,599
Other income	8	37,604	53,438
Net loss on change in fair value of biological assets	18	(923,857)	(260,468)
Selling and distribution expenses		(45,339)	(45,640)
General and administrative expenses		(143,481)	(120,141)
Other operating expenses	9	(895,159)	–
(Loss)/profit from operations		(1,836,302)	124,788
Finance costs	10(a)	(144)	(126)
(Loss)/profit before income tax	10	(1,836,446)	124,662
Income tax expense	11	–	–
(Loss)/profit for the year		(1,836,446)	124,662
Attributable to			
Equity shareholders of the Company		(1,839,179)	114,395
Non-controlling interests		2,733	10,267
		(1,836,446)	124,662
		RMB	RMB
(Loss)/earnings per share	14		
– Basic		(1.483)	0.094
– Diluted		(1.483)	0.093

Details of dividends are disclosed in note 27(c).

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014 *RMB'000*	2013 *RMB'000*
(Loss)/profit for the year	(1,836,446)	124,662
Other comprehensive expense for the year		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	(7)	(352)
Total comprehensive (loss)/income for the year	(1,836,453)	124,310
Attributable to		
Equity shareholders of the Company	(1,839,186)	114,043
Non-controlling interests	2,733	10,267
	(1,836,453)	124,310

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,305,246	1,989,625
Land use rights	16	76,178	72,701
Construction-in-progress	17	76,039	304,196
Biological assets	18	1,406,801	2,168,501
Intangible assets	19	53,715	64,463
Deposits	21	1,443	84,303
Goodwill	22	303,883	1,157,261
		4,223,305	5,841,050
Current assets			
Biological assets	18	214,971	212,098
Properties for sale	23	–	5,830
Inventories	24	57,387	40,277
Trade and other receivables	25	155,172	68,315
Cash and cash equivalents	26	1,804,742	2,141,224
		2,232,272	2,467,744
Total assets		6,455,577	8,308,794
EQUITY AND LIABILITIES			
Equity			
Share capital	27(b)	12,340	12,159
Reserves		6,225,165	8,078,888
Total equity attributable to equity shareholders of the Company		6,237,505	8,091,047
Non-controlling interests		115,153	112,420
		6,352,658	8,203,467

The accompanying notes form part of these consolidated financial statements.

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Obligations under finance leases	29	719	832
Current liabilities			
Trade and other payables	30	102,087	104,390
Obligations under finance leases	29	113	105
		102,200	104,495
Total liabilities		102,919	105,327
Total equity and liabilities		6,455,577	8,308,794
Net current assets		2,130,072	2,363,249
Total assets less current liabilities		6,353,377	8,204,299

Approved and authorised to issue by the Board of Directors on 26 September 2014.

Ng Ong Nee
Director

Cheung Wai Sun
Director

The accompanying notes form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,126	1,399
Interests in subsidiaries	20	4,010,743	3,999,619
		4,012,869	4,001,018
Current assets			
Other receivables		4	4
Cash and cash equivalents	26	85,343	128,529
		85,347	128,533
Total assets		4,098,216	4,129,551
EQUITY AND LIABILITIES			
Equity			
Share capital	27(b)	12,340	12,159
Reserves	27(a)	4,083,496	4,114,780
		4,095,836	4,126,939
Current liabilities			
Other payables		2,380	2,612
Total equity and liabilities		4,098,216	4,129,551
Net current assets		82,967	125,921
Total assets less current liabilities		4,095,836	4,126,939

Approved and authorised to issue by the Board of Directors on 26 September 2014.

Ng Ong Nee
Director

Cheung Wai Sun
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to equity shareholders of the Company											
	Share capital RMB'000	Treasury shares RMB'000 (note (a))	Share premium RMB'000 (note (b))	Merger reserve RMB'000 (note (c))	Share option reserve RMB'000 (note (d))	Capital reserve RMB'000 (note (e))	Statutory reserve RMB'000 (note (f))	Exchange reserve RMB'000 (note (g))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2012	12,083	(4)	3,635,414	(4,473)	97,021	482,519	179,831	265	3,747,463	8,150,119	102,168	8,252,287
Changes in equity for the year ended 30 June 2013:												
Profit for the year	–	–	–	–	–	–	–	–	114,395	114,395	10,267	124,662
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(352)	–	(352)	–	(352)
Total comprehensive income for the year	–	–	–	–	–	–	–	(352)	114,395	114,043	10,267	124,310
Transfer to statutory reserve	–	–	–	–	–	–	14,124	–	(14,124)	–	–	–
	–	–	–	–	–	–	14,124	(352)	100,271	114,043	10,267	124,310
Distribution of capital reserve	–	–	–	–	–	(482,519)	–	–	482,519	–	–	–
Issue of shares to shareholders participating in the scrip dividend	159	–	53,747	–	–	–	–	–	–	53,906	–	53,906
Share-based payments	–	–	–	–	24,698	–	–	–	–	24,698	–	24,698
Issue of shares upon exercises of share options	17	–	3,548	–	(819)	–	–	–	–	2,746	–	2,746
Shares repurchased and cancelled	(100)	4	(34,452)	–	–	–	–	–	–	(34,548)	–	(34,548)
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	–	(15)	(15)
2011/12 final dividend	–	–	–	–	–	–	–	–	(158,531)	(158,531)	–	(158,531)
2012/13 interim dividend	–	–	–	–	–	–	–	–	(61,386)	(61,386)	–	(61,386)
	76	4	22,843	–	23,879	(482,519)	14,124	(352)	362,873	(59,072)	10,252	(48,820)
At 30 June 2013	12,159	–	3,658,257	(4,473)	120,900	–	193,955	(87)	4,110,336	8,091,047	112,420	8,203,467

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000 (note (b))	Merger reserve RMB'000 (note (c))	Share option reserve RMB'000 (note (d))	Statutory reserve RMB'000 (note (f))	Exchange reserve RMB'000 (note (g))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2013		12,159	3,658,257	(4,473)	120,900	193,955	(87)	4,110,336	8,091,047	112,420	8,203,467
Changes in equity for the year ended 30 June 2014:											
Loss for the year		–	–	–	–	–	–	(1,839,179)	(1,839,179)	2,733	(1,836,446)
Exchange differences on translation of financial statements of foreign operations		–	–	–	–	–	(7)	–	(7)	–	(7)
Total comprehensive loss for the year		–	–	–	–	–	(7)	(1,839,179)	(1,839,186)	2,733	(1,836,453)
Transfer from statutory reserve		–	–	–	–	(128)	–	128	–	–	–
		–	–	–	–	(128)	(7)	(1,839,051)	(1,839,186)	2,733	(1,836,453)
Issue of shares to shareholders participating in the scrip dividend	27(b)(i)	95	22,534	–	–	–	–	–	22,629	–	22,629
Share-based payments		–	–	–	10,131	–	–	–	10,131	–	10,131
Issue of shares upon exercises of share options	27(b)(ii)	86	17,443	–	(3,167)	–	–	–	14,362	–	14,362
2012/13 final dividend	27(c)(ii)	–	–	–	–	–	–	(61,478)	(61,478)	–	(61,478)
		181	39,977	–	6,964	(128)	(7)	(1,900,529)	(1,853,542)	2,733	(1,850,809)
At 30 June 2014		**12,340**	**3,698,234**	**(4,473)**	**127,864**	**193,827**	**(94)**	**2,209,807**	**6,237,505**	**115,153**	**6,352,658**

Notes:

a) 495,000 repurchased shares remained uncancelled and were held as treasury shares at 30 June 2012. These repurchased shares were subsequently cancelled in July 2012.

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

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

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

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

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

g) The exchange reserve comprises all foreign exchange differences on translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policy set out in note 2(u).

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax		(1,836,446)	124,662
Adjustments for:			
Interest income	8	(35,855)	(50,509)
Impairment of goodwill	9	853,378	–
Impairment of property, plant and equipment	9	15,690	–
Impairment of biological assets	9	11,802	–
Impairment of properties for sale	9	5,830	–
Finance costs	10(a)	144	126
Share-based payments	10(b)	10,131	24,698
Amortisation of land use rights	10(c)	1,521	1,360
Amortisation of intangible assets	10(c)	10,748	12,723
Depreciation of property, plant and equipment	10(c)	181,378	144,603
Written off of inventories	10(c)	22,577	–
Loss on disposals of property, plant and equipment	10(c)	12,192	2,172
Loss on disposal of land use right	10(c)	–	4,902
Loss on deregistration of subsidiaries	10(c)	–	192
Net loss on change in fair value of biological assets	18	923,857	260,468
Operating profit before working capital changes		176,947	525,397
Movements in working capital elements:			
Biological assets		(14,675)	(53,462)
Inventories		(39,687)	22,817
Trade and other receivables		(86,857)	18,342
Trade and other payables		(2,310)	47,232
Net cash generated from operating activities		33,418	560,326
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment		7,434	1,853
Proceed from disposal of land use right		–	3,565
Purchases of property, plant and equipment		(18,967)	(32,823)
Purchase of land use right		(4,998)	(14,001)
Additions to construction-in-progress		(200,888)	(391,561)
Deposits paid for acquisition of property, plant and equipment		(1,443)	(84,297)
Net additions to biological assets		(162,157)	(123,745)
Additions to intangible assets		–	(18,680)
Decrease in time deposits with terms over three months		–	62,960
Interest received		35,855	50,509
Net cash used in investing activities		(345,164)	(546,220)

The accompanying notes form part of these consolidated financial statements.

	Note	2014 RMB'000	2013 RMB'000
Cash flows from financing activities			
Proceeds from issue of new shares upon exercises of share options		14,362	2,746
Repurchase of shares		–	(34,548)
Repayments of obligations under finance leases		(105)	(97)
Dividends paid		(38,849)	(166,011)
Finance costs paid		(144)	(126)
Net cash used in financing activities		(24,736)	(198,036)
Net decrease in cash and cash equivalents		(336,482)	(183,930)
Cash and cash equivalents at beginning of year		2,141,224	2,325,154
Cash and cash equivalents at end of year	26	1,804,742	2,141,224

Major non-cash transactions

During the year, purchases of property, plant and equipment included an amount of RMB84,303,000 (2013: RMB4,245,000) transferred from non-current deposits.

The accompanying notes form part of these consolidated financial statements.

1 GENERAL INFORMATION

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

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at Rooms 1109–1111, Wayson Commercial Building, 28 Connaught Road West, Hong Kong.

The principal activities of the Company and its subsidiaries (together the "Group") are planting, cultivation and sale of agricultural produce and manufacture and sale of fruit juice concentrates, fruit purees, frozen fruits and vegetables.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the consolidated financial statements

These consolidated financial statements are presented in Renminbi ("RMB"), the functional currency of the Group, rounded to the nearest thousand, unless otherwise stated. They have been prepared under the historical cost convention, except that certain biological assets are carried at their fair values as explained in the accounting policies set out in note 2(i).

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

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

(c) Subsidiaries and non-controlling interest

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interest represents the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiaries' net identifiable assets.

Non-controlling interest is presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interest in the results of the Group is presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit and total comprehensive income for the year between non-controlling interest and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interest within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or group of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(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 at the following principal annual rates:

Buildings	2.22% to 5%
Leasehold improvements	3.33% to 5%
Plant and machinery	10% to 20%
Furniture, fixtures and equipment	20%
Motor vehicles	10% to 25%
Farmland infrastructure and machinery	2% to 20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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 entity. 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 item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the item and is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Land use rights

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

(g) Construction-in-progress

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

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(k)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating leases charges

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Biological assets

Biological assets consist of self-bred saplings, infant trees, citrus trees and banana trees.

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

The infant trees transferred from the category of self-bred saplings are stated at cost less accumulated impairment losses (see note 2(k)(ii)). Principal directly attributable costs, such as costs of fertilisers, pesticides and depreciation, incurred during the period of biological growth of infant trees are recognised as additions to biological assets until the stage such trees start bearing oranges.

Citrus trees are stated at their fair values less costs to sell, where the fair values are based on the present value of expected net cash flows from the citrus trees discounted at a current market-determined pre-tax rate.

Banana trees are stated at cost less accumulated impairment losses (see note 2(k)(ii)).

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

Agricultural produce harvested from the biological assets is measured at its fair value less costs to sell 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 the next twelve months are classified under current assets.

(j) Intangible assets (other than goodwill)

(i) Research and development costs

Costs associated with research activities are charged to profit or loss as incurred. Costs associated with development activities are expensed as incurred, or recognised as intangible assets provided they meet the following recognition requirements:

– demonstration of technical feasibility of the prospective product for internal use or sale;

– there is intention to complete the intangible asset and use or sell it;

– the Group's ability to use or sell the intangible asset is demonstrated;

– the intangible asset will generate probable economic benefits through internal use or sale;

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Intangible assets (other than goodwill) *(continued)*

(i) Research and development costs *(continued)*

- sufficient technical, financial and other resources are available for completion; and
- the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are stated at cost less accumulated amortisation and any impairment losses (see note 2(k)(ii)). Amortisation of capitalised development costs is charged to profit or loss on straight-line method over the assets' estimated useful lives of 5 to 10 years. Both the period and method of amortisation are reviewed annually. Development costs previously recognised as expenses are not recognised as an asset in the subsequent period.

(ii) Trademark

Trademark is stated at cost less accumulated amortisation and any impairment losses (see note 2(k)(ii)). Amortisation of trademark is provided on straight-line method over its estimated useful life of 10 years.

(k) Impairments

(i) Financial assets

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairments *(continued)*

(ii) Non-financial assets

The carrying amounts of the non-financial assets, other than inventories (see note 2(m)) and deferred tax assets (see note 2(r)), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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) Properties for sale

Properties under development for sale are stated at cost less impairment losses (see note 2(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 end of the reporting period less selling expenses, or by estimates based on prevailing market condition.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is computed using first-in, first-out method or, where appropriate, the weighted average method and includes all costs incurred in acquiring the inventories to bring them to their present location and condition. In case of manufactured inventories, cost includes direct labour and appropriate share of overheads. Net realisable value is based on anticipated sales proceeds less estimated cost of completion and selling expenses.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(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.

(o) Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) 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.

(q) Employee benefits

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Employee benefits *(continued)*

(ii) Share-based payments

The Company operates equity-settled, share-based compensation plans. The cost of share options is charged to profit or loss and the corresponding amount is recognised in the share option reserve under equity. Where the grantees 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 grantees 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 the end of each reporting period, 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 profit or loss with a corresponding adjustment to the share option reserve over the remaining vesting period.

(r) Taxation

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

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

Deferred tax is recognised for the 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 at the end of the reporting period.

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 the end of each reporting period 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Taxation *(continued)*

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.

(s) 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, and 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.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as described below.

Sales of goods, including agricultural produce and processed fruits, are recognised upon transfer of significant risks and rewards of ownership to the customer. This is usually taken to be the point in time when the goods are delivered and the customer has accepted the goods.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) 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 at the end of the reporting period. Profits and losses resulting from this translation policy are recognised in profit or loss.

In the consolidated financial statements, the results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Items in statements of financial position are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(v) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match with the costs that the grants are intended to compensate. Government grants relating to income is presented in gross under “other income” in profit or loss.

(w) Related parties

(a) A person, or a close member of that person’s family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group’s parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint venture of a third party.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(continued)*

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity.

(x) Segment reporting

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

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

3 APPLICATIONS OF NEW AND REVISED IFRSs

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

Improvements to IFRSs	Annual improvements to IFRSs 2009-2011 cycle
Amendments to IAS 1	Presentation of financial statements – Presentation of items of other comprehensive income
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: transition guidance
Amendments to IFRS 7	Disclosures – Offsetting financial assets and financial liabilities
IFRS 10	Consolidated financial statements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement
IAS 27 (2011)	Separate financial statements

3 APPLICATIONS OF NEW AND REVISED IFRSs *(continued)*

The amendments to IAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these consolidated financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "consolidated statement of profit or loss" and "consolidated statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12, Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013.

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 18. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The adoption of other revisions, amendments and new IFRSs has had no effect on the Group's consolidated financial statements.

Up to the date of issue of the consolidated financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2014 and which have not been adopted in the consolidated financial statements. Of these developments, the following relates to matters that may be relevant to the Group's operations and consolidated financial statements:

Improvements to IFRSs	Annual improvements to IFRSs 2010-2012 cycles[2]
Improvements to IFRSs	Annual improvements to IFRSs 2011-2013 cycle[2]
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures[5]
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investing entities[1]
Amendments to IAS 16 and IAS 38	The Classification of acceptable methods of depreciation and amortisation[3]
Amendments to IAS 16 and IAS 41	Bringing bearer plants into the scope of IAS 16[3]
Amendments to IAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets[1]
IFRS 9	Financial instruments[5]
IFRS 15	Revenue from contracts with customers[4]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2018.

3 APPLICATIONS OF NEW AND REVISED IFRSs *(continued)*

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application, but is not yet in a position to state whether these amendments and new standards would have a significant impact on the Group's financial statements.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

Impairments

In considering the impairment loss that may be required for certain property, plant and equipment, biological assets, goodwill and properties for sale, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses on receivables are assessed and provided for based on the management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual customer.

Fair values of biological assets

Management estimates the fair values of biological assets less costs to sell at the end of the reporting period with reference to valuations from independent appraiser. 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 phenomena/occurrences. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate measures are in place, to minimise negative impacts from natural disaster, if any. Nevertheless, unexpected factors affecting harvestable agricultural produce may result in re-measurement or changes in harvests in future accounting periods.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Property, plant and equipment and depreciation

Management 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.

Capitalised development costs

Careful judgement by the management is applied when deciding whether the recognition requirements for capitalised development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at the end of each reporting period. In addition, all internal activities related to the development of new product are continuously monitored by the management.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group's management reassesses the estimations at the end of each reporting period.

5 FINANCIAL RISK MANAGEMENT

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

(a) Categories of financial instruments

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	**1,860,141**	2,194,584	**85,347**	128,533
Financial liabilities				
Financial liabilities at amortised cost	**(102,479)**	(104,681)	**(33,452)**	(33,684)

5 FINANCIAL RISK MANAGEMENT *(continued)*

(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 end of the reporting period 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	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	5,321	47,705	1,674	1,879
USD	2,148	1,312	7	7
GBP	1,141	2,744	69	725

Company

	Assets		Liabilities	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	5,158	9,422	1,674	1,879
USD	9	84	7	7
GBP	1,141	2,744	69	725

5 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Currency risk *(continued)*

(ii) Sensitivity analysis

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

Group

	2014			2013		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*
HKD	10%	(365)	–	10%	4,583	–
	(10%)	365	–	(10%)	(4,583)	–
USD	10%	(214)	–	10%	131	–
	(10%)	214	–	(10%)	(131)	–
GBP	10%	(107)	–	10%	202	–
	(10%)	107	–	(10%)	(202)	–

Company

	2014			2013		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on loss after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*
HKD	10%	348	–	10%	(754)	–
	(10%)	(348)	–	(10%)	754	–
USD	10%	–	–	10%	(8)	–
	(10%)	–	–	(10%)	8	–
GBP	10%	(107)	–	10%	(202)	–
	(10%)	107	–	(10%)	202	–

5 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Currency risk *(continued)*

(ii) Sensitivity analysis *(continued)*

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period 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 end of next annual reporting period. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' result after income tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purpose. The analysis is performed on the same basis for 2013.

(c) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on cash and cash equivalents is limited because the counterparties are authorised 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 the end of each reporting period 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's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statements of financial position after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 25.

5 FINANCIAL RISK MANAGEMENT *(continued)*

(d) Liquidity risk

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

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

Group

2014	Carrying amount *RMB'000*	Total contractual undiscounted cash outflow *RMB'000*	Within 1 year or on demand *RMB'000*	After 1 year but within 2 years *RMB'000*	After 2 years but within 5 years *RMB'000*	After 5 years *RMB'000*
Trade and other payables	101,647	101,647	100,897	750	–	–
Obligations under finance leases	832	1,080	180	180	540	180
Total	102,479	102,727	101,077	930	540	180

2013	Carrying amount *RMB'000*	Total contractual undiscounted cash outflow *RMB'000*	Within 1 year or on demand *RMB'000*	After 1 year but within 2 years *RMB'000*	After 2 years but within 5 years *RMB'000*	After 5 years *RMB'000*
Trade and other payables	103,744	103,744	102,994	–	750	–
Obligations under finance leases	937	1,260	180	180	540	360
Total	104,681	105,004	103,174	180	1,290	360

5 FINANCIAL RISK MANAGEMENT *(continued)*

(d) Liquidity risk *(continued)*

Company

2014	Carrying amount *RMB'000*	Total contractual undiscounted cash outflow *RMB'000*	Within 1 year or on demand *RMB'000*	After 1 year *RMB'000*
Other payables	2,380	2,380	2,380	–
Due to a subsidiary	31,072	31,072	–	31,072
	33,452	33,452	2,380	31,072

2013	Carrying amount *RMB'000*	Total contractual undiscounted cash outflow *RMB'000*	Within 1 year or on demand *RMB'000*	After 1 year *RMB'000*
Other payables	2,612	2,612	2,612	–
Due to a subsidiary	31,072	31,072	–	31,072
	33,684	33,684	2,612	31,072

(e) Interest rate risk

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

(f) Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the consolidated and company statements of financial position approximate their respective fair values.

6 SEGMENT INFORMATION

The Group manages its business by lines of business. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has two (2013: two) reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments in the year ended 30 June 2014:

- Agricultural produce – planting, cultivation and sale of agricultural produce
- Processed fruits – manufacture and sale of fruit juice concentrates, fruit purees, frozen fruits and vegetables

No inter-segment transactions incurred between the companies in the Group.

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

As majority of the Group's non-current assets and revenue are located in/derived from the PRC, geographical information is not presented.

The directors assess the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes the central other income, expenses and finance costs.

Segment assets mainly exclude goodwill, certain property, plant and equipment, land use rights and other assets that are managed on a central basis. Segment liabilities mainly exclude liabilities that are managed on a central basis.

6 SEGMENT INFORMATION *(continued)*

	Agricultural produce		Processed fruits		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
RESULTS						
Reportable segment revenue and revenue from external customers	733,699	921,823	537,472	564,089	1,271,171	1,485,912
Reportable segment results	(960,043)	31,912	12,900	138,711	(947,143)	170,623
Unallocated corporate expenses					(892,115)	(50,557)
Unallocated corporate other income					2,812	4,596
(Loss)/profit before income tax					(1,836,446)	124,662
Income tax expense					–	–
(Loss)/profit for the year					(1,836,446)	124,662
ASSETS						
Segment assets	4,294,283	5,253,592	1,700,650	1,689,669	5,994,933	6,943,261
Unallocated corporate assets					460,644	1,365,533
Total assets					6,455,577	8,308,794
LIABILITIES						
Segment liabilities	(75,748)	(76,016)	(22,566)	(24,483)	(98,314)	(100,499)
Unallocated corporate liabilities					(4,605)	(4,828)
Total liabilities					(102,919)	(105,327)
OTHER INFORMATION						
Additions to segment non-current assets	159,390	225,539	149,493	321,737	308,883	547,276
Amortisation of land use rights	–	–	466	306	466	306
Amortisation of intangible assets	5,360	7,360	5,388	5,363	10,748	12,723
Depreciation	78,229	71,225	72,560	50,764	150,789	121,989
Loss on disposals of property, plant and equipment	1,010	–	10,814	2,168	11,824	2,168
Construction-in-progress written off	–	1,480	–	189	–	1,669
Interest income	20,258	32,799	12,786	13,114	33,044	45,913
Finance charges on obligations under finance leases	75	83	–	–	75	83
Net loss on change in fair value of biological assets	923,857	260,468	–	–	923,857	260,468
Impairment of biological assets	11,802	–	–	–	11,802	–
Impairment of property, plant and equipment	13,079	–	2,611	–	15,690	–
Written off of inventories	–	–	22,577	–	22,577	–
Share-based payments	246	4,980	9,750	16,086	9,996	21,066

7 TURNOVER

Turnover represented the total invoiced value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover is as follows:

	2014 RMB'000	2013 RMB'000
Sales of oranges	732,807	919,983
Sales of self-bred saplings	892	1,840
Sales of processed fruits	537,472	564,089
	1,271,171	1,485,912

8 OTHER INCOME

	2014 RMB'000	2013 RMB'000
Interest income	35,855	50,509
Government grants	1,744	2,912
Sundry income	5	17
	37,604	53,438

9 OTHER OPERATING EXPENSES

	2014 RMB'000	2013 RMB'000
Impairment of goodwill	853,378	–
Written off of inventories#	8,459	–
Impairment of property, plant and equipment#	15,690	–
Impairment of biological assets#	11,802	–
Impairment of properties for sale	5,830	–
	895,159	–

These expenses were resulted from the widespread damage caused by Typhoon Rammasun in July 2014, accounted for as adjusting events after the reporting period (see note 33).

10 (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is stated after charging/(crediting) the following:

		2014 RMB'000	2013 RMB'000
(a)	**Finance costs**		
	Bank charges	69	43
	Finance charges on obligations under finance leases	75	83
		144	126
(b)	**Staff costs (including directors' emoluments)**		
	– salaries, wages and other benefits	135,369	114,510
	– share-based payments	10,131	24,698
	– contribution to defined contribution retirement plans	3,322	2,775
		148,822	141,983
(c)	**Other items**		
	Amortisation of land use rights	1,521	1,360
	Amortisation of intangible assets	10,748	12,723
	Auditor's remuneration	2,522	2,432
	Cost of agricultural produce sold#	678,839	571,147
	Cost of inventories of processed fruits recognised as expenses##	458,402	417,166
	Depreciation of property, plant and equipment	181,378	144,603
	Add: Realisation of depreciation previously capitalised as biological assets	25,346	23,423
	Less: Amount capitalised as biological assets	(54,974)	(45,059)
		151,750	122,967
	Construction-in-progress written off	–	1,669
	Exchange gains, net	14	989
	Operating lease expenses		
	– plantation bases	9,163	9,470
	– properties	1,184	1,020
	Research and development costs	13,556	4,963
	Written off of inventories###	22,577	–
	Loss on disposals of property, plant and equipment	12,192	2,172
	Loss on disposal of land use right	–	4,902
	Loss on deregistration of subsidiaries	–	192

Cost of agricultural produce sold includes RMB151,422,000 (2013: RMB133,321,000) relating to staff costs, depreciation and operating lease expenses, which amount is also included in the respective total amount disclosed separately above for each of these types of expenses.

Cost of inventories of processed fruits recognised as expenses includes RMB94,190,000 (2013: RMB82,422,000) relating to staff costs, amortisation of land use rights, amortisation of intangible assets and depreciation, which amount is also included in the respective total amount disclosed separately above for each of these types of expenses.

The written off of inventories for the year of RMB14,118,000 (2013: RMBNil) and RMB8,459,000 (2013: RMBNil) is included in general and administrative expenses and other operating expenses, respectively, in the consolidated statement of profit or loss.

11 INCOME TAX EXPENSE

(a) On the basis stated below, no income tax has been provided by the Group:

(i) Pursuant to the rules and regulations of Bermuda, Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the respective tax jurisdictions.

(ii) No Hong Kong profits tax has been provided as the Group did not have assessable profits arising in or derived from Hong Kong.

(iii) No PRC enterprise income tax has been provided as the Group did not have assessable profit in the PRC during the year. The provision for PRC enterprise income tax for is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax laws, rules and regulations of the PRC.

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption on profits derived from such business. Certain operating subsidiaries of the Group in the PRC engaged in qualifying agricultural business are entitled to full exemption of enterprise income tax.

The applicable enterprise income tax rate of the Group's other operating subsidiaries in the PRC is 25%.

(iv) PRC withholding income tax

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax at rates of 5% or 10% upon the distribution of such profits to foreign investors or companies incorporated in Hong Kong, or for other foreign investors, respectively. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from its PRC subsidiaries in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax. At 30 June 2014, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the unremitted profits of the PRC subsidiaries derived since 1 January 2008 as the Company is in a position to control the dividend policies of the PRC subsidiaries and no distribution of such profits is expected to be declared from the PRC subsidiaries in the foreseeable future.

11 INCOME TAX EXPENSE *(continued)*

(b) Reconciliation between income tax expense and profit/(loss) before income tax in the consolidated statement of profit or loss at applicable rates:

	2014 RMB'000	2013 RMB'000
(Loss)/profit before income tax	(1,836,446)	124,662
Notional tax at the rates applicable to (losses)/profits in the jurisdictions concerned	(238,728)	42,081
Tax effect of non-deductible expenses	246,660	1,190
Tax effect of temporary differences not recognised for deferred tax purposes	1,987	944
Tax effect of tax exemptions	(9,948)	(44,695)
Others	29	480
Actual tax expense	–	–

12 DIRECTORS' REMUNERATION

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payments RMB'000	Retirement scheme contribution RMB'000	2014 RMB'000	2013 RMB'000
Directors' emoluments						
Executive Directors						
Tong Wang Chow *(Note i)*	–	1,224	11	–	1,235	2,021
Ng Ong Nee *(Note ii)*	–	432	–	–	432	–
Tong Hung Wai, Tommy	–	1,043	5	14	1,062	1,149
Cheung Wai Sun	–	702	5	14	721	925
Pang Yi	–	1,170	33	6	1,209	2,107
Sung Chi Keung *(Note iii)*	–	–	–	–	–	2,149
Non-executive Directors						
Ng Hoi Yue *(Note iv)*	216	–	–	–	216	64
Lui Ming Wah	216	–	–	–	216	341
Yang Zhen Han	216	–	–	–	216	341
Chung Koon Yan *(Note v)*	137	–	–	–	137	–
Ho Wai Leung *(Note v)*	137	–	–	–	137	–
Ma Chiu Cheung, Andrew *(Note vi)*	139	–	–	–	139	454
Peregrine Moncreiffe *(Note vi)*	124	–	–	–	124	372
Ip Chi Ming *(Note vii)*	–	–	–	–	–	312
Nicholas Smith *(Note viii)*	–	–	–	–	–	374
	1,185	4,571	54	34	5,844	10,609

12 DIRECTORS' REMUNERATION *(continued)*

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2013: RMBNil).

Notes:

(i) Resigned on 3 March 2014.

(ii) Appointed on 3 March 2014.

(iii) Resigned on 30 June 2013.

(iv) Appointed on 15 March 2013.

(v) Appointed on 12 November 2013.

(vi) Retired on 12 November 2013.

(vii) Retired on 6 November 2012.

(viii) Resigned on 24 March 2013.

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year included three (2013: four) directors, details of which are set out in note 12 above. The emoluments in respect of the remaining highest paid individuals are as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries, wages and other benefits	**1,887**	155
Share-based payments	**6**	1,197
Retirement scheme contribution	**28**	6
	1,921	1,358

No emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: RMBNil).

The number of highest paid employees who aggregate emoluments fell within the following band is as follows:

	2014	2013
HKD1,000,000 to HKD2,000,000	**2**	1

14 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2014 *RMB'000*	2013 *RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to equity shareholders of the Company used in basic and diluted (loss)/earnings per share calculation	(1,839,179)	114,395
Weighted average number of shares	*'000*	*'000*
Issued ordinary shares at beginning of year	1,229,559	1,221,097
Effect of shares issued to shareholders participating in the scrip dividend	5,238	8,811
Effect of shares issued upon exercises of share options	5,371	55
Effect of shares repurchased and cancelled	–	(7,236)
Weighted average number of ordinary shares used in basic (loss)/earnings per share calculation	1,240,168	1,222,727
Effect of dilutive potential shares in respect of share options *(Note)*	–	10,035
Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation	1,240,168	1,232,762

Note:

The potential ordinary shares arising from the conversion of share options had an anti-dilutive effect on the basic loss per share for the year ended 30 June 2014, hence they were ignored in the calculation of diluted loss per share.

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure and machinery RMB'000	Total RMB'000
Cost							
At 1 July 2012	185,778	3,668	308,265	11,898	11,622	1,796,556	2,317,787
Additions	1,490	–	17,629	277	328	17,344	37,068
Transfer from construction-in-progress *(note 17)*	45,190	–	39,439	–	–	181,038	265,667
Disposals	(1,005)	–	(12,593)	(111)	(190)	(5)	(13,904)
At 30 June 2013	231,453	3,668	352,740	12,064	11,760	1,994,933	2,606,618
Additions	3,644	–	92,975	1,938	1,898	2,815	103,270
Transfer from construction-in-progress *(note 17)*	196,864	–	48,200	12	–	183,969	429,045
Disposals	–	–	(58,457)	(211)	(1,608)	(3,454)	(63,730)
At 30 June 2014	**431,961**	**3,668**	**435,458**	**13,803**	**12,050**	**2,178,263**	**3,075,203**
Accumulated depreciation and impairment							
At 1 July 2012	18,940	976	39,790	4,887	4,828	412,848	482,269
Charge for the year	11,888	125	39,754	1,386	1,645	89,805	144,603
Written back on disposals	(111)	–	(9,483)	(107)	(173)	(5)	(9,879)
At 30 June 2013	30,717	1,101	70,061	6,166	6,300	502,648	616,993
Charge for the year	21,526	125	50,887	2,507	1,537	104,796	181,378
Impairment loss recognised for the year *(note 9)*	3,691	–	–	–	–	11,999	15,690
Written back on disposals	–	–	(40,607)	(172)	(881)	(2,444)	(44,104)
At 30 June 2014	**55,934**	**1,226**	**80,341**	**8,501**	**6,956**	**616,999**	**769,957**
Carrying amount							
At 30 June 2014	**376,027**	**2,442**	**355,117**	**5,302**	**5,094**	**1,561,264**	**2,305,246**
At 30 June 2013	200,736	2,567	282,679	5,898	5,460	1,492,285	1,989,625

At 30 June 2014, the carrying amount of farmland infrastructure and machinery held under finance leases was RMB836,000 (2013: RMB956,000).

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost			
At 1 July 2012 and 30 June 2013	1,486	1,456	2,942
Additions	7	1,709	1,716
Disposals	–	(1,456)	(1,456)
At 30 June 2014	**1,493**	**1,709**	**3,202**
Accumulated depreciation			
At 1 July 2012	756	511	1,267
Charge for the year	131	145	276
At 30 June 2013	887	656	1,543
Charge for the year	132	129	261
Written back on disposals	–	(728)	(728)
At 30 June 2014	**1,019**	**57**	**1,076**
Carrying amount			
At 30 June 2014	**474**	**1,652**	**2,126**
At 30 June 2013	599	800	1,399

16 LAND USE RIGHTS

	Group 2014 RMB'000	2013 RMB'000
Cost		
At beginning of year	82,872	78,013
Addition	4,998	14,001
Disposal	–	(9,142)
At end of year	87,870	82,872
Accumulated amortisation		
At beginning of year	10,171	9,486
Charge for the year	1,521	1,360
Written back on disposal	–	(675)
At end of year	11,692	10,171
Carrying amount	76,178	72,701

Land use rights, representing the rights to use certain pieces of land which are located in the PRC, are valid for a period of 50 years from respective dates of grant and will be expiring in the years 2053 to 2062.

17 CONSTRUCTION-IN-PROGRESS

	Group 2014 RMB'000	2013 RMB'000
At beginning of year	304,196	178,302
Additions	200,888	393,230
Written off	–	(1,669)
Transfer to property, plant and equipment *(note 15)*	(429,045)	(265,667)
At end of year	76,039	304,196

18 BIOLOGICAL ASSETS

Biological assets represent self-bred saplings, infant trees, citrus trees and banana trees.

Self-bred saplings and infant trees are undergoing biological transformation leading to them being able to produce oranges and grapefruits. Once the self-bred saplings and infant trees become mature and productive, they will be transferred to the category of citrus trees. The role of citrus trees is to supply oranges through the processes of growth in each production cycle. As at 30 June 2013 and 2014, citrus trees comprised orange trees only.

For banana trees, the role of them is to supply bananas through the processes of growth in their production cycle. As at 30 June 2014, banana trees are fully impaired by RMB11,802,000 (2013: RMBNil) as all of the 221,769 banana trees were destroyed by Typhoon Rammasun in July 2014. Consequently, there was no harvest in September 2014.

Group

	Citrus			Others	
	Self-bred saplings *RMB'000*	Infant trees *RMB'000*	Citrus trees *RMB'000*	Banana trees *RMB'000*	Total *RMB'000*
At 1 July 2012	5,591	73,633	2,384,636	–	2,463,860
Net additions	2,961	–	–	–	2,961
Sales of citrus self-bred saplings	(1,384)	–	–	–	(1,384)
Intra transfer to citrus infant trees	(1,705)	1,705	–	–	–
Intra transfer to citrus trees	–	(17,468)	17,468	–	–
Net increase due to cultivation	–	122,168	53,462	–	175,630
Net change in fair value					
– Gain due to price, yield, maturity and cost changes	–	–	(196,746)	–	(196,746)
– Decrease due to replanting programme	–	–	(63,722)	–	(63,722)
	–	–	(260,468)	–	(260,468)
At 30 June 2013	5,463	180,038	2,195,098	–	2,380,599
Net additions	3,942	–	–	192	4,134
Sales of citrus self-bred saplings	(2,876)	–	–	–	(2,876)
Intra transfer to citrus infant trees	(3,697)	3,697	–	–	–
Intra transfer to citrus trees	–	(20,857)	20,857	–	–
Net increase due to cultivation	–	161,091	2,873	11,610	175,574
Impairment *(note 9)*	–	–	–	(11,802)	(11,802)
Net loss on change in fair value due to price, yield, maturity and cost changes	–	–	(923,857)	–	(923,857)
At 30 June 2014	**2,832**	**323,969**	**1,294,971**	**–**	**1,621,772**

18 BIOLOGICAL ASSETS *(continued)*

Represented by:

	Citrus				
	Self-bred saplings *RMB'000*	Infant trees *RMB'000*	Citrus trees *RMB'000*	**2014 Total** ***RMB'000***	2013 Total *RMB'000*
Non-current	2,832	323,969	1,080,000	1,406,801	2,168,501
Current	–	–	214,971	214,971	212,098
	2,832	323,969	1,294,971	1,621,772	2,380,599

The movements in biological assets are summarised as follows:

	Citrus			Others
	Self-bred saplings *Number*	Infant trees *Number*	Citrus trees *Number*	Banana trees *Number*
At 1 July 2012	1,040,694	1,325,363	2,616,641	–
Net disposals	(4,572)	–	–	–
Sales of self-bred saplings	(153,365)	–	–	–
Intra transfer to citrus infant trees	(301,200)	301,200	–	–
Intra transfer to citrus trees	–	(81,261)	81,261	–
Decrease due to replanting programme	–	–	(48,058)	–
At 30 June 2013	581,557	1,545,302	2,649,844	–
Net additions	180,539	–	–	221,769
Sales of self-bred saplings	(74,334)	–	–	–
Intra transfer to citrus infant trees	(422,160)	422,160	–	–
Intra transfer to citrus trees	–	(64,194)	64,194	–
Destroyed by Typhoon Rammasun	–	–	–	(221,769)
At 30 June 2014	**265,602**	**1,903,268**	**2,714,038**	**–**

The Group has engaged an independent valuer to determine the fair value of orange trees less costs to sell as at 30 June 2014. The valuation methodology used to determine the fair value of orange trees less costs to sell is in compliance with both IAS 41, Agriculture, and the International Valuation Standards issued by the International Valuation Standards Council with aims to determine the fair value of a biological asset in its present location and condition.

18 BIOLOGICAL ASSETS *(continued)*

The fair value of orange trees less costs to sell is calculated by deducting the fair value of plantation-related machinery and equipment and land improvements from the fair value of the orange tree operation. The fair value has been determined by expected future cash flows from the assets, discounted at a rate that reflect management's best estimation of the expected risk level. In estimating the future cash flows and discount rate, the following key assumptions were applied:

(a) The market price variables, which represent the assumed market price for summer orange and winter orange produced by the Group. The valuation adopted the market sales prices prevailing as of the end of the reporting period for each type of orange produced by the Group as the sales price estimation. The market prices are assumed to be increased by 3% per annum, which is similar to the projected long term inflation rate.

(b) The yield per tree variables, which represent the harvest level of the orange trees. The yield of orange trees is affected by the age, species and health of the orange trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per tree increases from age 3 to 15, remains stable for about 10 years, and then start to decline from age 25 to 35.

(c) The direct production cost variables, which represent the direct costs necessary to bring the oranges to their sale form. These mainly include raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested, and have taken into account the projected long-term inflation rate of 3% per annum.

(d) The Capital Asset Pricing Model has been used to determine a discount rate of 18% (2013: 18%) 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 taken into account the projected long term inflation rate of 3% per annum and excluded finance costs and taxation;

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

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

The fair value measurement of the orange trees is categorised as level 3 fair value measurement within the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. Significant unobservable inputs are mainly the expected future cash flow and the discount rate. The higher the future cash flows or the lower the discount rate, the higher the fair value determined.

During the years ended 30 June 2014 and 2013, there was no transfer occurred between levels in the hierarchy.

18 BIOLOGICAL ASSETS *(continued)*

The land currently occupied by the Group is leased from independent third parties, and has no commercial value. With reference to the value of machinery and equipment and other assets (represented by improvements in structures and buildings, wind breakers, etc.), the total values of the assets involved as at 30 June 2014 for Hepu plantation and Xinfeng plantation are approximately RMB389 million (2013: RMB403 million) and RMB626 million (2013: RMB649 million) respectively.

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

	2014		2013	
	Quantity *Tonnes*	Value *RMB'000*	Quantity *Tonnes*	Value *RMB'000*
Oranges	197,467	732,807	218,600	919,983

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 to minimise those risks, including regular forest health inspections and industry pest and disease surveys.

19 INTANGIBLE ASSETS

Group

	Capitalised development costs *RMB'000*	Trademark *RMB'000*	Total *RMB'000*
Cost			
At 1 July 2012	89,046	3	89,049
Additions	18,680	–	18,680
At 30 June 2013 and 30 June 2014	107,726	3	107,729
Accumulated amortisation			
At 1 July 2012	30,541	2	30,543
Charge for the year	12,723	–	12,723
At 30 June 2013	43,264	2	43,266
Charge for the year	10,748	–	10,748
At 30 June 2014	**54,012**	**2**	**54,014**
Carrying amount			
At 30 June 2014	53,714	1	53,715
At 30 June 2013	64,462	1	64,463

The amortisation charge for the year of RMB5,388,000 (2013: RMB5,363,000) and RMB5,360,000 (2013: RMB7,360,000) is included in cost of sales and general and administrative expenses, respectively, in the consolidated statement of profit or loss.

Capitalised development costs are represented by:

	2014 ***RMB'000***	2013 *RMB'000*
Completed development projects	**53,714**	64,462
	Years	*Years*
Average remaining amortisation period for completed development projects	**6.7**	7.4

Capitalised development costs represent expenditure incurred in developing techniques relating to the cultivation of citrus trees and processing of fruits, which would increase the productivity of the relevant operations in the future periods.

20 INTERESTS IN SUBSIDIARIES

	Company 2014 RMB'000	2013 RMB'000
Unlisted investments, at cost	5,309	5,300
Capital contribution in respect of employee share-based payments	117,251	107,256
Due from subsidiaries	3,919,255	3,918,135
Due to a subsidiary	(31,072)	(31,072)
	4,010,743	3,999,619

The accounts with subsidiaries are non-trade in nature and are unsecured, interest-free and not repayable within next 12 months from the end of the reporting period.

Details of subsidiaries as at 30 June 2014 and 2013 are as follows:

Name	Place of incorporation/ establishment	Place of operation	Nominal value of issued and paid up capital	Percentage of equity interest attributable to the Group 2014	2013	Principal activities
Directly held:						
Access Fortune Investments Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
A-One Success Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Newasia Global Limited	BVI	Hong Kong	USD100,100	100%	100%	Investment holding
Raised Energy Investments Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Indirectly held:						
Asian Citrus Management Company Limited	BVI	Hong Kong	USD1	100%	100%	Proprietor and licensor of the Group's intellectual property rights
Asian Citrus (H.K.) Company Limited	Hong Kong	Hong Kong	HKD1	100%	100%	General commercial and leasing of properties
ACH Green Trees Holdings Limited	Hong Kong	Hong Kong	HKD10,000	100%	–	Not commenced business yet

20 INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment	Place of operation	Nominal value of issued and paid up capital	Percentage of equity interest attributable to the Group 2014	2013	Principal activities
Indirectly held: (continued)						
Beihai Perfuming Garden Juice Co., Ltd.	PRC	PRC	RMB226,800,000	92.94%	92.94%	Trading of fruit juice concentrates, manufacture and sale of frozen fruits and vegetables
Beihai Super Fruit Co., Ltd	PRC	PRC	RMB3,000,000	92.94%	–	Trading of condensed fruit juice
BPG Food & Beverage Holdings Ltd.	Cayman Islands	Hong Kong	HKD1,000	100%	100%	Investment holding
Chance Lead Holdings Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding
Fame Zone Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Hepu Perfuming Garden Food Co., Ltd.	PRC	PRC	RMB34,000,000	92.94%	92.94%	Manufacture and sale of fruit juice concentrates, fruit purees and others
Litian Biological Sciences & Technology Development (Xinfeng) Company Limited	PRC	PRC	USD15,000,000	100%	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development Yongzhou Limited	PRC	PRC	USD10,000,000	100%	100%	Planting, cultivation and sale of oranges
Lucky Team Biotech Development (Hepu) Limited	PRC	PRC	RMB284,850,000	100%	100%	Planting, cultivation and sale of oranges
Lucky Team Industrial (Ganzhou) Company Limited	PRC	PRC	USD10,000,000	100%	100%	Development of orange processing centre
Lucky Team (Hepu) Agriculture Development Limited	PRC	PRC	HKD28,000,000	100%	100%	Development of nursery

20 INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment	Place of operation	Nominal value of issued and paid up capital	Percentage of equity interest attributable to the Group 2014	2013	Principal activities
Indirectly held: (continued)						
Tianyang Perfuming Garden Food Industrial Co., Ltd.	PRC	PRC	HKD78,000,000	100%	100%	Manufacture and sale of frozen fruits and others
Top Honest Holdings Limited	BVI	Hong Kong	USD1	100%	100%	Investment holding
Wealth Elite Investments Limited	Hong Kong	Hong Kong	HKD1	100%	100%	Investment holding

All subsidiaries established in the PRC are wholly foreign-owned enterprises.

21 DEPOSITS

	Group 2014 RMB'000	2013 RMB'000
Deposits paid for acquisition of property, plant and equipment	1,443	84,303

22 GOODWILL

	RMB'000
Cost	
At 1 July 2013, 30 June 2013 and 30 June 2014	1,157,261
Impairment	
At 1 July 2013 and 30 June 2013	–
Impairment loss recognised for the year *(note 9)*	(853,378)
At 30 June 2014	**(853,378)**
Carrying amount	
At 30 June 2014	**303,883**
At 30 June 2013	1,157,261

Goodwill, arising from acquisition of BPG Food & Beverage Holdings Ltd. and its subsidiaries (together the "Beihai BPG") in November 2010, is accounted for in accordance with the Group's accounting policies as set out in note 2(d). For the purposes of impairment testing, goodwill has been allocated to the cash-generating unit ("CGU") in relation to the Group's processed fruits segment in the PRC.

22 GOODWILL *(continued)*

During the year ended 30 June 2014, the Group recognised an impairment loss of RMB853,378,000 (2013: RMBNil) so as to reflect the reduced recoverable amount of this CGU as assessed by management based on the current business and operating environment of Beihai BPG.

The recoverable amount of the CGU has been determined based on a value in use calculation which uses cash flow projections from financial budgets approved by management covering a 5-year period (2013: 3-year period), and a discount rate of 12% (2013: 12%). The cash flows beyond the 5-year period (2013: 3-year period) are extrapolated using a steady 10% (2013: 10%) growth rate. This growth rate does not exceed the average long-term growth rate for the business in which the CGU operates. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted sales and gross margin, and such estimations are based on the CGU's past performance and management's expectations based on market developments. As the aggregate carrying amount of the CGU has been reduced by RMB853,378,000 to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

23 PROPERTIES FOR SALE

	Group	
	2014	2013
	RMB'000	*RMB'000*
Properties under development for sale	**5,081**	5,081
Completed properties for sale	**749**	749
	5,830	5,830
Less: Impairment *(note 9)*	**(5,830)**	–
	–	5,830

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
In PRC, held on leases between 10 to 50 years	**–**	134

24 INVENTORIES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Raw materials	**10,953**	6,416
Work in progress	**–**	2,302
Finished goods	**46,434**	31,559
	57,387	40,277

25 TRADE AND OTHER RECEIVABLES

	Group 2014 RMB'000	2013 RMB'000
Trade receivables	53,717	42,736
Other receivables, deposits and prepayments	101,455	25,579
	155,172	68,315

The amount of the Group's other receivables, deposits and prepayments expected to be recovered or recognised as expenses in normal operating cycle after one year is RMB6,269,000 (2013: RMB10,020,000). The remaining balance of trade and other receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade receivables based on invoice date is as follows:

	Group 2014 RMB'000	2013 RMB'000
Less than 1 month	42,302	38,576
1 to 3 months	11,366	4,047
3 to 6 months	–	–
6 to 12 months	–	–
Over 1 year	49	113
	53,717	42,736

Trade receivables from sales of goods are normally due for settlement within 30 to 90 days from the date of billing, while that from the sale of property units are due for settlement in accordance with the terms of the related sale and purchase agreements.

25 TRADE AND OTHER RECEIVABLES *(continued)*

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	53,253	41,492
Less than 1 month past due	–	1,174
1 to 3 months past due	438	–
3 to 6 months past due	–	–
6 to 12 months past due	–	–
Over 1 year past due	26	70
Amounts past due but not impaired	464	1,244
	53,717	42,736

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

26 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank deposits	1,282,234	1,552,060	82,234	116,279
Cash at bank and on hand	522,508	589,164	3,109	12,250
	1,804,742	2,141,224	85,343	128,529

Included in the cash and cash equivalents of the Group as at 30 June 2014 is an amount of RMB1,713,068,000 (2013: RMB1,964,715,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for terms ranging from one month to three months (2013: ranging from one month to three months) depending on the immediate cash requirements of the Group.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

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

	Note	Share premium RMB'000	Treasury share RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 July 2012		3,648,375	(4)	97,021	86,319	3,831,711
Profit and total comprehensive income for the year		–	–	–	456,260	456,260
Issue of shares to shareholders participating in the scrip dividend		53,747	–	–	–	53,747
Share-based payments		–	–	24,698	–	24,698
Issue of shares upon exercises of share options		3,548	–	(819)	–	2,729
Shares repurchased and cancelled		(34,452)	4	–	–	(34,448)
2011/12 final dividend		–	–	–	(158,531)	(158,531)
2012/13 interim dividend		–	–	–	(61,386)	(61,386)
At 30 June 2013		3,671,218	–	120,900	322,662	4,114,780
Loss and total comprehensive loss for the year		–	–	–	(16,747)	(16,747)
Issue of shares to shareholders participating in the scrip dividend	27(b)(i)	22,534	–	–	–	22,534
Share-based payments		–	–	10,131	–	10,131
Issue of shares upon exercises of share options	27(b)(ii)	17,443	–	(3,167)	–	14,276
2012/13 final dividend	27(c)(ii)	–	–	–	(61,478)	(61,478)
At 30 June 2014		**3,711,195**	**–**	**127,864**	**244,437**	**4,083,496**

27 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Share capital

	Note	Number of shares	*HKD'000*	*RMB'000*
Authorised:				
Ordinary shares of HKD0.01 each				
At 30 June 2013 and 30 June 2014		2,000,000,000	20,000	20,900
Issued and fully paid:				
At 1 July 2012		1,221,097,182	12,210	12,083
Issue of shares to shareholders participating in the scrip dividends		17,768,373	178	159
Issue of shares upon exercises of share options		1,837,000	18	17
Shares repurchased and cancelled		(11,144,000)	(111)	(100)
At 30 June 2013		1,229,558,555	12,295	12,159
Issue of shares to shareholders participating in the scrip dividends	(i)	10,562,329	106	95
Issue of shares upon exercises of share options	(ii)	9,517,000	95	86
At 30 June 2014		**1,249,637,884**	**12,496**	**12,340**

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

Notes:

(i) On 31 December 2013, 10,562,329 new ordinary shares of HKD0.01 each were issued at the price of HKD2.74 per share to shareholders participating in the scrip dividend in respect of the 2012/13 final dividend.

(ii) On 6 December 2013, 9,517,000 share options were exercised to subscribe for the Company's ordinary shares at a total cash consideration of RMB14,362,000.

27 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2014 **RMB'000**	2013 RMB'000
Interim dividend declared and paid during the year: RMBNil per ordinary share (2013: interim dividend of RMB0.03 and special dividend of RMB0.02 per ordinary share)	–	61,386
Final dividend proposed after the end of the reporting period: RMBNil per ordinary share (2013: RMB0.05 per ordinary share)	–	61,478
	–	122,864

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2014 **RMB'000**	2013 RMB'000
Interim dividend for the year, approved and paid during the year: RMBNil per ordinary share (2013: interim dividend of RMB0.03 and special dividend of RMB0.02 per ordinary share)	–	61,386
Final dividend of RMB0.05 per ordinary share in respect of the previous financial year, approved and paid during the year (2013: final dividend of RMB0.13 per ordinary share)	61,478	158,531
	61,478	219,917

27 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Capital management

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

The Group regards total equity presented on the face of the consolidated statement of financial position as capital for capital management purpose.

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 SHARE-BASED PAYMENTS

(A) Share Option Scheme

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

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

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

28 SHARE-BASED PAYMENTS *(continued)*

(A) Share Option Scheme *(continued)*

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

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

Notes:

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

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

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

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	20,927,000	GBP0.150	22,764,000	GBP0.148
Exercised during the year	(9,517,000)	GBP0.134	(1,837,000)	GBP0.133
Outstanding at end of year	11,410,000	GBP0.163	20,927,000	GBP0.150
Exercisable at end of year	9,100,000	GBP0.175	12,340,000	GBP0.165

The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 1 year (2013: 2 years) and exercise prices ranging from GBP0.112 to GBP0.2425 (2013: from GBP0.112 to GBP0.2425).

28 SHARE-BASED PAYMENTS *(continued)*

(A) Share Option Scheme *(continued)*

(c) Fair value of share options and assumptions

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

The inputs into the model were as follows:

Grant date	3 August 2005	27 July 2006	14 September 2007	15 October 2008
Spot price	GBP0.112	GBP0.208	GBP0.2435	GBP0.1465
Expected life (years)	10	8	8	6.8
Exercise price	GBP0.112	GBP0.2045	GBP0.2425	GBP0.139
Expected volatility	43%	42%	41%	42%
Risk-free interest rate	4.39%	4.61%	4.91%	4.53%
Dividend yield	0%	0%	1.8%	1.8%

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

(B) Post Listing Share Option Scheme

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

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

The total number of shares of the Company issued and to be issued upon exercise of the options under the Post Listing Scheme and any other subsequent share option scheme of the Company must not, in aggregate, exceed 77,055,980 shares. The total number of shares available for issue as at 30 June 2014 is 27,055,980, representing 2.2% of the issued share capital.

28 SHARE-BASED PAYMENTS *(continued)*

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

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

	Number of instruments	Vesting conditions	Contractual life of options	Expiry date
Options granted to directors:				
– on 27 May 2010	10,750,000	(i)	8 years	26 May 2018
Options granted to employees:				
– on 27 May 2010	19,250,000	(ii)	8 years	26 May 2018
– on 28 February 2011	20,000,000	(iii)	8 years	27 February 2019
Total share options granted	50,000,000			

Notes:

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

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

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

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

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning and end of year	49,634,000	HKD7.02	49,634,000	HKD7.02
Exercisable at end of year	41,634,000	HKD6.64	37,634,000	HKD6.29

The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 4 years (2013: 5 years) and exercise prices were set at HKD5.68 and HKD9.00 (2013: HKD5.68 and HKD9.00).

28 SHARE-BASED PAYMENTS *(continued)*

(C) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes Option Pricing Model and binominal model for the shares option granted on 27 May 2010 and 28 February 2011 respectively, taking into the account the terms and conditions upon which the options were granted.

The inputs into the model were as follows:

Grant date	27 May 2010	28 February 2011
Spot price	HKD5.50	HKD9.00
Expected life (years)	4.5 to 5.5	8
Exercise price	HKD5.68	HKD9.00
Expected volatility	45.88% to 47.19%	53%
Risk-free interest rate	1.393% to 1.668%	2.511%
Dividend yield	1.8%	2.7%

In respect of the share options granted on 27 May 2010 and 28 February 2011, as the Company has a short history of volatility in the HKEx at the grant date, 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.

29 OBLIGATIONS UNDER FINANCE LEASES

At 30 June 2014, the Group had obligations under finance leases repayable as follows:

	Group			
	2014		2013	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	113	180	105	180
After 1 year but within 2 years	123	180	113	180
After 2 years but within 5 years	430	540	398	540
After 5 years	166	180	321	360
	719	900	832	1,080
	832	1,080	937	1,260
Less: total future interest expenses		(248)		(323)
Present value of lease obligations		832		937

30 TRADE AND OTHER PAYABLES

	Group 2014 RMB'000	2013 RMB'000
Trade payables	63,348	63,552
Other payables and accruals	38,739	40,838
	102,087	104,390

The amount of the Group's other payables and accruals expected to be settled after one year is RMB750,000 (2013: RMB750,000). The remaining balance of trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The ageing analysis of trade payables by invoice date is as follows:

	Group 2014 RMB'000	2013 RMB'000
Less than 3 months	62,783	62,881
3 to 6 months	46	68
6 to 12 months	516	304
Over 1 year	3	299
	63,348	63,552

31 COMMITMENTS

(a) Operating lease commitments

At 30 June 2014, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group 2014 RMB'000	2013 RMB'000
Within 1 year	6,726	6,670
After 1 year but within 5 years	31,004	29,206
After 5 years	332,502	340,616
	370,232	376,492

Operating lease payments represent rental payable by the Group for certain properties, premises and land on which the plantations are situated. The leases of properties typically run for an initial period of one to ten years, with options to renew the leases and renegotiate the terms at expiry dates or at dates mutually agreed with the respective lessors. The leases for the plantation bases are negotiated for a term of 50 years expiring from 2050 to 2060. None of the leases include contingent rentals.

31 COMMITMENTS *(continued)*

(b) Capital commitments

At 30 June 2014, the Group had the following capital commitments:

	Group 2014 RMB'000	2013 RMB'000
Contracted but not provided for:		
Construction-in-progress, property, plant and equipment and land use rights	**9,749**	74,734

32 RELATED PARTY TRANSACTIONS

(a) In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following significant related party transactions during the year:

	Group 2014 RMB'000	2013 RMB'000
Operating lease expenses paid to:		
Alpha Best Limited	**346**	306
Pan Air and Sea Forwards (HK) Limited	**472**	429
	818	735
Consultancy fee paid to:		
Mr. Tong Wang Chow	**531**	–

Mr. Tong Wang Chow resigned as an executive director of the Company on 3 March 2014, he is still considered as a related party of the Group as he is the father of Mr. Tong Hung Wai, Tommy, an executive director of the Company.

Alpha Best Limited and Pan Air and Sea Forwarders (HK) Limited are related to the Group by virtue of Mr. Tong Wang Chow's interest in these two companies.

(b) Compensation of key management personnel

	Group 2014 RMB'000	2013 RMB'000
Short-term employee benefits	**9,123**	10,106
Share-based payments	**852**	5,551
Post-employment benefits	**97**	100
	10,072	15,757

Total remuneration is included in "staff costs" (see note 10(b)).

33 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Typhoon Rammasun has caused widespread damage to assets of the Group. Consequently, the Group has recognised written off of inventories of RMB8,459,000, impairment of property, plant and equipment of RMB15,690,000 and impairment of biological assets of RMB11,802,000 during the year ended 30 June 2014 (see note 9).

Except as disclosed elsewhere in the consolidated financial statements, there was no significant event after the end of the reporting period.

FIVE YEAR FINANCIAL SUMMARY

	Years ended 30 June				
	2014	2013	2012	2011#	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**1,271,171**	1,485,912	1,776,144	1,412,621	812,482
Net (loss)/gain on change in fair value of biological assets	**(923,857)**	(260,468)	166,900	507,712	306,000
(Loss)/profit before income tax	**(1,836,446)**	124,662	765,058	1,050,238	587,321
Income tax expense	**–**	–	–	(1,785)	(1,854)
(Loss)/profit for the year	**(1,839,179)**	114,395	750,200	1,038,953	585,467

	As at 30 June				
	2014	2013	2012	2011#	2010#
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets	**4,223,305**	5,841,050	5,607,589	5,190,384	2,869,209
Property, plant and equipment	**2,305,246**	1,989,625	1,835,518	1,638,339	1,161,437
Biological assets	**1,406,801**	2,168,501	2,463,860	2,232,058	1,642,024
Current assets	**2,232,272**	2,467,744	2,702,539	2,526,504	1,104,262
Total assets	**6,455,577**	8,308,794	8,310,128	7,716,888	3,973,471
Non-current liabilities	**719**	832	937	1,034	–
Current liabilities	**102,200**	104,495	56,904	61,551	51,779
Capital and reserves	**6,352,658**	8,203,467	8,252,287	7,654,303	3,921,692

Figures re-presented in accordance with the audited consolidated financial statements for the year ended 30 June 2012.

COMPANY INFORMATION

DIRECTORS

Executive Directors

Mr. NG Ong Nee *(Chief Executive Officer)*
Mr. TONG Hung Wai, Tommy *(Vice Chairman)*
Mr. CHEUNG Wai Sun
Mr. PANG Yi

Independent Non-executive Directors

Mr. NG Hoi Yue *(Non-executive Chairman)*
Dr. LUI Ming Wah, SBS JP
Mr. YANG Zhen Han
Mr. CHUNG Koon Yan
Mr. HO Wai Leung

COMPANY SECRETARY

Mr. NG Cheuk Lun

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