



# **CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED**

(Incorporated in the Cayman Islands with limited liability)

**(Stock Code: 682)**

## **INTERIM REPORT 2011/2012**



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The consolidated statement of comprehensive income of the Group for the six months ended 31 December 2011 and the consolidated statement of financial position of the Group as at 31 December 2011, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company's Audit Committee and the Company's auditors, Elite Partners CPA Limited.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2011 — Unaudited

	Notes	Six months ended 31 December	
		2011 RMB'000	2010 RMB'000
Turnover	3	1,708,695	3,835,298
Cost of sales		(1,811,050)	(1,452,848)
<b>Gross (loss)/profit</b>		<b>(102,355)</b>	2,382,450
Other revenues		78,278	49,102
Loss arising from changes in fair value less costs to sell of biological assets	11	(2,487,993)	(42,658)
Selling and distribution expenses		(433,758)	(431,707)
General and administrative expenses		(81,849)	(235,879)
Research expenses		(8,012)	(24,461)
Other operating expenses		(164,356)	(166,267)
<b>(Loss)/Profit from operations</b>		<b>(3,200,045)</b>	1,530,580
Finance costs	5(a)	(50,829)	(33,361)
Loss on disposal of available-for-sale investments	12	(86,205)	—
Impairment loss on available-for-sale investments	12	(79,620)	—
Gain on disposal of an associate		—	48,174
Share of results of associates		241	(425)
<b>(Loss)/Profit before income tax</b>	5	<b>(3,416,458)</b>	1,544,968
Income tax expense	6	(38)	(88)
<b>(Loss)/Profit for the period</b>		<b>(3,416,496)</b>	1,544,880
<b>Other comprehensive (expense)/income, including reclassification adjustments and net of income tax</b>			
Exchange loss on translation of financial statements of foreign operations		(14,128)	(41,621)
Change in fair value of available-for-sale investments	12	(160,695)	580,395
Release upon disposal of available-for-sale investments		(123,299)	—
Release upon impairment of available-for-sale investments	12	79,620	—
<b>Other comprehensive (expense)/income for the period, including reclassification adjustments and net of income tax</b>		<b>(218,502)</b>	538,774
<b>Total comprehensive (expense)/income for the period</b>		<b>(3,634,998)</b>	2,083,654

# Condensed Consolidated Statement of Comprehensive Income *(continued)*

For the six months ended 31 December 2011 — Unaudited

	Notes	Six months ended 31 December	
		2011 RMB'000	2010 RMB'000
<b>(Loss)/Profit for the period attributable to:</b>			
Owners of the Company		<b>(3,415,281)</b>	1,546,794
Non-controlling interests		<b>(1,215)</b>	(1,914)
		<b>(3,416,496)</b>	1,544,880
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
Owners of the Company		<b>(3,632,430)</b>	2,085,568
Non-controlling interests		<b>(2,568)</b>	(1,914)
		<b>(3,634,998)</b>	2,083,654
<b>(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the period</b>			
— Basic	8(a)	<b>RMB(1.04)</b>	RMB0.47
— Diluted	8(b)	<b>RMB(1.04)</b>	RMB0.45

# Condensed Consolidated Statement of Financial Position

As at 31 December 2011 — Unaudited

	Notes	31 December 2011 RMB'000	30 June 2011 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	9,877,062	9,666,312
Construction-in-progress		37,091	85,457
Prepaid premium for land leases	10	6,698,498	6,522,621
Biological assets	11	1,606,422	3,225,805
Available-for-sale investments	12	237,069	972,317
Deferred development costs		12,145	15,680
Deferred expenditure		646,004	537,578
Intangible assets		482,955	488,649
Interests in associates	13	7,809	7,573
		<b>19,605,055</b>	21,521,992
<b>Current assets</b>			
Prepaid premium for land leases	10	171,998	168,836
Biological assets	11	381,194	1,247,676
Inventories		74,519	37,273
Trade receivables	14	54,696	316,942
Other receivables, deposits and prepayments		362,944	500,224
Cash and cash equivalents		2,802,688	3,332,630
		<b>3,848,039</b>	5,603,581
<b>Current liabilities</b>			
Amount due to a related company	15	46,379	79,129
Trade payables	16	18,975	18,738
Other payables and accruals		102,869	124,519
Convertible bonds	17	1,053,703	—
		<b>1,221,926</b>	222,386
<b>Net current assets</b>		<b>2,626,113</b>	5,381,195
<b>Total assets less current liabilities</b>		<b>22,231,168</b>	26,903,187
<b>Non-current liabilities</b>			
Convertible bonds	17	—	1,038,741
Deferred tax liabilities	18	20,655	20,655
		<b>20,655</b>	1,059,396
<b>Net assets</b>		<b>22,210,513</b>	25,843,791

# Condensed Consolidated Statement of Financial Position *(continued)*

As at 31 December 2011 — Unaudited

	Notes	31 December 2011 RMB'000	30 June 2011 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	19	<b>332,787</b>	332,787
Reserves		<b>21,734,282</b>	25,364,992
		<b>22,067,069</b>	25,697,779
Non-controlling interests		<b>143,444</b>	146,012
<b>Total equity</b>		<b>22,210,513</b>	25,843,791

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2011 — Unaudited

	<b>Six months ended 31 December</b>	
	<b>2011</b> <b>RMB'000</b>	2010 RMB'000
Net cash generated from operating activities	<b>369,062</b>	1,803,482
Net cash used in investing activities	<b>(886,323)</b>	(2,239,473)
Net cash generated from financing activities	<b>—</b>	2,295,945
Net (decrease)/increase in cash and cash equivalents	<b>(517,261)</b>	1,859,954
Cash and cash equivalents at beginning of the period	<b>2,502,630</b>	2,044,349
Effect of foreign exchange rate changes, net	<b>(12,681)</b>	(18,746)
<b>Cash and cash equivalents at end of the period</b>	<b>1,972,688</b>	3,885,557
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank deposits	<b>2,802,688</b>	3,885,557
Short-term bank deposits not mature within three months	<b>(830,000)</b>	—
	<b>1,972,688</b>	3,885,557

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2011 — Unaudited

Attributable to the owners of the Company

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share- based compensation reserve RMB'000	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Call option reserve RMB'000	Convertible bonds equity reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
<b>Six months ended 31 December 2010</b>														
At 1 July 2010 (Audited)	323,892	5,175,540	94,894	105,644	723	—	—	—	(143,151)	681,810	15,005,364	21,244,716	263,739	21,508,455
Profit for the period	—	—	—	—	—	—	—	—	—	—	1,546,794	1,546,794	(1,914)	1,544,880
Other comprehensive (expense)/income for the period														
— Currency translation differences	—	—	—	—	—	—	—	—	(41,621)	—	—	(41,621)	—	(41,621)
— Change in fair value of available- for-sale investments	—	—	—	—	—	580,395	—	—	—	—	—	580,395	—	580,395
Total comprehensive income/(expense) for the period	—	—	—	—	—	580,395	—	—	(41,621)	—	1,546,794	2,085,568	(1,914)	2,083,654
Shares issued under share option scheme	79	4,808	—	(1,873)	—	—	—	—	—	—	—	3,014	—	3,014
Shares issued under share placement	13,316	989,384	—	—	—	—	—	—	—	—	—	1,002,700	—	1,002,700
Repurchase of shares	(303)	(18,839)	—	—	303	—	—	—	—	—	(303)	(19,142)	—	(19,142)
Share issue expenses	—	(31,174)	—	—	—	—	—	—	—	—	—	(31,174)	—	(31,174)
Employee share option benefits	—	—	—	160,128	—	—	—	—	—	—	—	160,128	—	160,128
Issue of call options	—	—	—	—	—	—	40,278	—	—	—	—	40,278	—	40,278
Issue of convertible bonds	—	—	—	—	—	—	—	297,525	—	—	—	297,525	—	297,525
2009/2010 final dividends paid	—	—	—	—	—	—	—	—	—	—	(172,379)	(172,379)	—	(172,379)
Transactions with owners	13,092	944,179	—	158,255	303	—	40,278	297,525	—	—	(172,682)	1,280,950	—	1,280,950
Appropriations	—	—	—	—	—	—	—	—	—	1,747	(1,747)	—	—	—
At 31 December 2010 (Unaudited)	336,984	6,119,719	94,894	263,899	1,026	580,395	40,278	297,525	(184,772)	683,557	16,377,729	24,611,234	261,825	24,873,059



# Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 31 December 2011 — Unaudited

	Attributable to the owners of the Company													
	Share capital	Share premium	Capital reserve	Employee share-based compensation reserve	Capital redemption reserve	Investment revaluation reserve	Call option reserve	Convertible bonds equity reserve	Exchange reserve	Statutory reserves	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended 31 December 2011</b>														
At 1 July 2011 (Audited)	332,787	5,968,860	94,894	266,567	5,247	206,785	40,278	297,525	(217,120)	686,823	18,015,133	25,697,779	146,012	25,843,791
Loss for the period	—	—	—	—	—	—	—	—	—	—	(3,415,281)	(3,415,281)	(1,215)	(3,416,496)
Other comprehensive (expense)/income for the period														
— Currency translation differences	—	—	—	—	—	—	—	—	(12,775)	—	—	(12,775)	(1,353)	(14,128)
— Change in fair value of available-for-sale investments	—	—	—	—	—	(160,695)	—	—	—	—	—	(160,695)	—	(160,695)
— Release upon disposal of available-for-sale investments	—	—	—	—	—	(123,299)	—	—	—	—	—	(123,299)	—	(123,299)
— Release upon impairment of available-for-sale investments	—	—	—	—	—	77,209	—	—	2,411	—	—	79,620	—	79,620
Total comprehensive expense for the period	—	—	—	—	—	(206,785)	—	—	(10,364)	—	(3,415,281)	(3,632,430)	(2,568)	(3,634,998)
Employee share option benefits	—	—	—	1,720	—	—	—	—	—	—	—	1,720	—	1,720
Transactions with owners	—	—	—	1,720	—	—	—	—	—	—	—	1,720	—	1,720
Lapsed of share options	—	—	—	(627)	—	—	—	—	—	—	627	—	—	—
Appropriations	—	—	—	—	—	—	—	—	—	767	(767)	—	—	—
<b>At 31 December 2011 (Unaudited)</b>	<b>332,787</b>	<b>5,968,860</b>	<b>94,894</b>	<b>267,660</b>	<b>5,247</b>	<b>—</b>	<b>40,278</b>	<b>297,525</b>	<b>(227,484)</b>	<b>687,590</b>	<b>14,599,712</b>	<b>22,067,069</b>	<b>143,444</b>	<b>22,210,513</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2011 — Unaudited

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2011 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2011 (the “2011 Annual Financial Statements”).

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2011 Annual Financial Statements, except for the adoption of the new, amended or revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which collectively include all applicable individual Hong Kong Financial Reporting Standard (“HKFRS”), Hong Kong Accounting Standard (“HKAS”) and Interpretation issued by the HKICPA) as disclosed in Note 2 to the Interim Financial Report.

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

## 2. ADOPTION OF NEW, AMENDED OR REVISED HKFRSs

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 July 2011:

HKAS 24 (Revised)	Related Party Disclosures
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Various	Annual Improvements to HKFRSs 2010

The impact of the new HKFRSs on the Interim Financial Report is not significant.

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

# Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2011 — Unaudited

## 3. TURNOVER

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

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

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Sales of crops	1,690,551	3,810,169
Sales of livestock	18,144	25,129
	<b>1,708,695</b>	3,835,298

## 4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the six months ended 31 December 2011 and 2010 were mainly derived from its growing and sales of crops. Consequently, no operating segment analysis is presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. Over 90% of the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 5. (LOSS)/PROFIT BEFORE INCOME TAX

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

### (a) Finance costs

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Bank and finance charges	97	82
Effective interest on convertible bonds	50,732	33,279
	<b>50,829</b>	33,361

### (b) Staff costs

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Salaries, wages and other benefits	593,703	409,218
Employee share option benefits	1,720	160,128
Retirement benefit costs	2,736	2,702
	<b>598,159</b>	572,048

### (c) Other items

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Interest income	(31,893)	(13,066)
Scrip dividend income from available-for-sale investments	(16,518)	(19,167)
Amortisation of deferred development costs	3,535	5,775
Deferred development costs written off	—	1,000
Amortisation of deferred expenditure, net of amount capitalised	93,126	61,205
Amortisation of prepaid premium for land leases, net of amount capitalised	60,510	21,971
Cost of inventories sold	1,811,050	1,452,848
Depreciation of property, plant and equipment, net of amount capitalised	251,935	256,132
Operating lease expenses		
— Land and buildings	149,694	115,765
— Motor vehicles	17	51
Loss on disposals and write off of property, plant and equipment	53,364	11,731

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 6. INCOME TAX EXPENSE

The amount of income tax expense represents:

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Current tax		
— PRC income tax <i>(Note (a))</i>	38	88
— Hong Kong profits tax <i>(Note (b))</i>	—	—
	<b>38</b>	<b>88</b>

Notes:

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

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2011 and 2010.

- (b) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits for the Company and its subsidiaries operating in Hong Kong for the six months ended 31 December 2011 and 2010.

## 7. DIVIDENDS

- (a) **Dividends payable to the owners of the Company attributable to the period:**

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Interim dividend (2010: HK\$0.030 per ordinary share)	—	85,230

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2011.

- (b) **Dividends payable to the owners of the Company attributable to the previous financial year, approved and paid during the interim period:**

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Final dividend (2010: HK\$0.060 per ordinary share, in respect of the previous financial year, approved and paid during the period)	—	172,379

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 8. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of RMB3,415,281,000 (Six months ended 31 December 2010: profit of RMB1,546,794,000) and the weighted average number of 3,291,302,000 (Six months ended 31 December 2010: 3,297,636,000) ordinary shares in issue during the period.

### (b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to the owners of the Company of RMB3,415,281,000 (Six months ended 31 December 2010: profit of RMB1,580,073,000) and the weighted average number of 3,291,302,000 (Six months ended 31 December 2010: 3,490,805,000) ordinary shares.

For the six months ended 31 December 2011, the computation of diluted loss per share does not assume the conversion of the Company's share options, convertible bonds and call options outstanding since their exercise would result in a decrease in loss per share.

For the six months ended 31 December 2010, the computation of diluted earnings per share had been adjusted for the effects of all dilutive potential ordinary shares under the Company's share option scheme and convertible bonds. The call options outstanding during the six months ended 31 December 2010 had an anti-dilutive effect on the basic earnings per share amount.

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

### (Loss)/Profit attributable to the owners of the Company (diluted)

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
(Loss)/Profit attributable to the owners of the Company	<b>(3,415,281)</b>	1,546,794
Effective interest on convertible bonds	—	33,279
(Loss)/Profit used to determine diluted (loss)/earnings per share	<b>(3,415,281)</b>	1,580,073

## Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

### 8. (LOSS)/EARNINGS PER SHARE *(continued)*

#### (b) Diluted (loss)/earnings per share *(continued)*

##### Weighted average number of ordinary shares (diluted)

	Six months ended 31 December	
	2011 Number of shares '000	2010 Number of shares '000
Weighted average number of ordinary shares used in calculating basic (loss)/earnings per share	3,291,302	3,297,636
Deemed issue of ordinary shares — share options	—	66,960
Deemed issue of ordinary shares — convertible bonds	—	126,209
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share	3,291,302	3,490,805

### 9. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 31 December 2011 RMB'000	Year ended 30 June 2011 RMB'000
	Net book value at 1 July 2011/1 July 2010	9,666,312
Additions	245,532	1,135,609
Transfer from construction-in-progress	474,806	2,004,837
Written off/Disposals	(55,493)	(92,807)
Depreciation charges	(453,821)	(746,805)
Impairment loss	—	(4,047)
Exchange realignment	(274)	(48)
Net book value as at 31 December 2011/30 June 2011	9,877,062	9,666,312

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 10. PREPAID PREMIUM FOR LAND LEASES

	Long-term prepaid rentals RMB'000	Land use rights RMB'000	Total RMB'000
<b>Cost</b>			
At 1 July 2010	5,995,783	123,970	6,119,753
Additions	1,509,000	—	1,509,000
Early termination of leases	(86,460)	—	(86,460)
Exchange realignment	13,788	—	13,788
At 30 June 2011 and 1 July 2011	7,432,111	123,970	7,556,081
Additions	589,068	4,000	593,068
Early termination of leases	(330,000)	—	(330,000)
Exchange realignment	(31,752)	—	(31,752)
<b>At 31 December 2011</b>	<b>7,659,427</b>	<b>127,970</b>	<b>7,787,397</b>
<b>Accumulated amortisation and impairment loss</b>			
At 1 July 2010	518,517	28,935	547,452
Amortisation for the year	159,261	4,794	164,055
Impairment loss	165,648	—	165,648
Early termination of leases	(14,465)	—	(14,465)
Exchange realignment	1,934	—	1,934
At 30 June 2011 and 1 July 2011	830,895	33,729	864,624
Amortisation for the period	83,324	2,405	85,729
Early termination of leases	(1,700)	—	(1,700)
Exchange realignment	(31,752)	—	(31,752)
<b>At 31 December 2011</b>	<b>880,767</b>	<b>36,134</b>	<b>916,901</b>
<b>Net carrying value as at 31 December 2011</b>	<b>6,778,660</b>	<b>91,836</b>	<b>6,870,496</b>
Net carrying value as at 30 June 2011	6,601,216	90,241	6,691,457



## Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

### 10. PREPAID PREMIUM FOR LAND LEASES *(continued)*

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Non-current portion	<b>6,698,498</b>	6,522,621
Current portion	<b>171,998</b>	168,836
Net carrying value	<b>6,870,496</b>	6,691,457

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

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Outside Hong Kong held on:		
Leases of over 50 years	<b>740,167</b>	746,101
Leases of between 10 to 50 years	<b>6,130,329</b>	5,945,356
	<b>6,870,496</b>	6,691,457

As at 31 December 2011, long-term prepaid rentals for the farmlands which have not yet been occupied by the Group amounted to RMB1,680,500,000 (30 June 2011: RMB1,474,500,000).

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 11. BIOLOGICAL ASSETS

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2010	1,875,225	51,750	965,576	701,126	3,593,677
Additions	335,586	66,132	3,166,123	411,453	3,979,294
Decrease due to harvest or sales	(358,196)	(38,399)	(2,984,940)	—	(3,381,535)
Gain/(Loss) arising from changes in fair value less costs to sell	177,647	(27,792)	100,917	31,273	282,045
At 30 June 2011 and 1 July 2011	2,030,262	51,691	1,247,676	1,143,852	4,473,481
Additions	288,617	40,072	1,412,781	65,645	1,807,115
Decrease due to harvest or sales	(224,334)	(45,522)	(1,535,131)	—	(1,804,987)
(Loss)/Gain arising from changes in fair value less costs to sell	(1,352,026)	14,640	(744,132)	(406,475)	(2,487,993)
<b>At 31 December 2011</b>	<b>742,519</b>	<b>60,881</b>	<b>381,194</b>	<b>803,022</b>	<b>1,987,616</b>

Biological assets as at 31 December 2011 and 30 June 2011 are stated at fair values less costs to sell and are analysed as follows:

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	31 December 2011 Total RMB'000	30 June 2011 Total RMB'000
Non-current portion	742,519	60,881	—	803,022	1,606,422	3,225,805
Current portion	—	—	381,194	—	381,194	1,247,676
	<b>742,519</b>	<b>60,881</b>	<b>381,194</b>	<b>803,022</b>	<b>1,987,616</b>	<b>4,473,481</b>

The fair values of biological assets are determined by the Directors with reference to the methodologies and assumptions adopted in the valuation for the year ended 30 June 2011.

## Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2011 — Unaudited

### 12. AVAILABLE-FOR-SALE INVESTMENTS

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Listed equity investments in Hong Kong, at fair value	<b>237,069</b>	972,317

A wholly-owned subsidiary of the Company entered into a placing agreement with a placing agent on 22 November 2011 for the placement of, on a best effort basis, up to 100 million shares in Asian Citrus Holdings Limited at a price of HK\$4.66 per placing share (the "Placing"). The Placing was completed on 25 November 2011, resulting in a loss on disposal of available-for-sale investments of approximately RMB86,205,000 for the six months ended 31 December 2011. Please refer to the Company's announcement dated 23 November 2011 for details of the Placing.

The fair value of the listed equity investments is based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the six months ended 31 December 2011, the fair value loss recognised directly in investment revaluation reserve amounted to approximately RMB160,695,000 (Six months ended 31 December 2010: gain of RMB580,395,000). Due to a prolonged decline in the fair value of the available-for-sale investments below its cost, an impairment loss of approximately RMB79,620,000 has been recognised in profit or loss for the six months ended 31 December 2011.

### 13. INTERESTS IN ASSOCIATES

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Share of net assets	<b>7,464</b>	7,224
Amount due from an associate	<b>345</b>	349
	<b>7,809</b>	7,573

Amount due from an associate is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the Directors, the balance due is considered as non-current as the settlement of the amount due is neither planned nor likely to occur in the foreseeable future.

## Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2011 — Unaudited

### 14. TRADE RECEIVABLES

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

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

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
0-1 month	<b>31,279</b>	283,726
1-3 months	<b>16,704</b>	18,801
Over 3 months	<b>6,713</b>	14,415
	<b>54,696</b>	316,942

### 15. AMOUNT DUE TO A RELATED COMPANY

The balance represented payables arising from purchases made from Fujian Chaoda Agricultural Produce Trading Company Limited, in which Mr. Kwok Ho is a major shareholder, as disclosed in Note 20. Mr. Kwok Ho is also the Chairman and the substantial shareholder of the Company. The balance was aged within 30 days (30 June 2011: within 30 days) as of the end of the reporting period.

Amount due is unsecured, interest-free and repayable on demand.

### 16. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
0-1 month	<b>13,045</b>	5,886
1-3 months	<b>1,960</b>	1,741
Over 3 months	<b>3,970</b>	11,111
	<b>18,975</b>	18,738

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 17. CONVERTIBLE BONDS

Movements of the liability component of the convertible bonds are set out as follows:

	<b>Six months ended 31 December 2011 RMB'000</b>	Year ended 30 June 2011 RMB'000
At 1 July 2011/1 July 2010	<b>1,038,741</b>	—
Issuance of the convertible bonds	—	1,017,243
Effective interest charges	<b>50,732</b>	83,352
Interest paid	<b>(23,665)</b>	(24,543)
Exchange realignment	<b>(12,105)</b>	(37,311)
<b>At 31 December 2011/30 June 2011</b>	<b>1,053,703</b>	1,038,741

Since the date of issue up to 31 December 2011, no convertible bonds have been converted into the Company's ordinary shares.

According to the terms and conditions of the convertible bonds, in the event that the Company's shares cease to be listed or admitted to trading or suspended from trading for a period equal to or exceeding 60 consecutive days on the Stock Exchange, the holder of each convertible bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's convertible bonds at their principal amount together with interest accrued. Due to the possible early redemption of convertible bonds as a result of the suspension of trading in the Company's shares on the Stock Exchange since 26 September 2011, the convertible bonds have been classified as a current liability accordingly as at 31 December 2011.

## 18. DEFERRED TAX LIABILITIES

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

At 31 December 2011 and 30 June 2011, deferred tax liabilities of approximately RMB20,655,000 were recognised in respect of the undistributed retained earnings of the PRC subsidiaries. The aggregate amount of temporary differences associated with the PRC subsidiaries' undistributed retained earnings for which deferred tax liabilities have not been recognised are approximately RMB1,098,415,000 (30 June 2011: RMB1,098,083,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these PRC subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 19. SHARE CAPITAL

### Authorised ordinary shares of HK\$0.1 each

	No. of shares ('000)	HK\$'000	RMB'000
At 1 July 2010, 30 June 2011 and <b>31 December 2011</b>	5,000,000	500,000	527,515

### Issued and fully paid ordinary shares of HK\$0.1 each

	No. of shares ('000)	HK\$'000	RMB'000
At 1 July 2010	3,188,453	318,845	323,892
Shares issued under share option scheme	1,213	121	103
Shares issued under share placement	154,838	15,484	13,316
Repurchase of shares	(53,202)	(5,320)	(4,524)
At <b>31 December 2011</b> /30 June 2011	3,291,302	329,130	332,787

## 20. RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited <i>(Note (a))</i> — Purchase of organic fertilisers <i>(Note (b))</i>	<b>366,775</b>	310,843

Notes:

- The related party is a company in which Mr. Kwok Ho is a major shareholder. Mr. Kwok Ho is also the Chairman and the substantial shareholder of the Company.
- The Directors are of the opinion that these transactions were conducted in the normal course of business at the prices and terms no less favorable to the Group than those charged to or contracted with other third parties.
- The transactions constitute continuing connected transactions, in respect of which the Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

# Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

## 21. COMMITMENTS

### (a) Capital commitments

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

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Contracted but not provided for:		
Research and development expenditure	<b>6,900</b>	12,400
Purchases of property, plant and equipment	<b>10,033</b>	14,921
Premium payments for land leases	<b>120,000</b>	—
<b>Total</b>	<b>136,933</b>	27,321

### (b) Operating lease commitments and arrangements

#### As lessee

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

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Within one year	<b>245,230</b>	250,703
In the second to fifth years, inclusive	<b>977,977</b>	987,639
After five years	<b>3,699,497</b>	3,851,702
<b>Total</b>	<b>4,922,704</b>	5,090,044

#### As lessor

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

	<b>31 December 2011 RMB'000</b>	30 June 2011 RMB'000
Within one year	<b>2,187</b>	2,392
In the second to fifth years, inclusive	<b>9,178</b>	8,638
After five years	<b>—</b>	603
<b>Total</b>	<b>11,365</b>	11,633

## Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2011 — Unaudited

### 22. EVENTS AFTER THE REPORTING PERIOD

#### (a) Disposal of property, plant and equipment

Subsequent to the end of the reporting period, certain land leases for lands being occupied by the Group has been terminated and the related property, plant and equipment belongs to these terminated land leases with net carrying value of approximately RMB2,254,293,000 were disposed of accordingly.

#### (b) Early redemption of convertible bonds

As announced in the Company's announcement dated 15 February 2012, the Company remitted an aggregate principal amount of US\$195,400,000, representing 97.7% of the then outstanding convertible bonds, to the redeeming holders of the convertible bonds through the trustee of the convertible bonds on 14 February 2012 for an intended early settlement of the principal amount of the convertible bonds. As further announced in the Company's announcement dated 3 April 2012, the Company issued a notice of redemption to holders of the remaining convertible bonds to redeem the remaining outstanding principal amount of US\$4,600,000 in full plus interest payable thereon on 3 April 2012. As a result, the convertible bonds were fully redeemed and cancelled.

#### (c) Lapse of call options

In September 2010, the Company had received cash premium totalling US\$6,004,000 (equivalent to approximately RMB40,278,000) as the consideration for issuing the call options, which conferred the holders of the call options the right, from time to time during the exercise period from the first date of the conversion period of the convertible bonds to 17 August 2013, to require the Company to issue up to a maximum of 103,300,000 ordinary shares (subject to adjustment) of HK\$0.1 each of the Company at an agreed strike price of HK\$7.9065 per share (subject to adjustment). The unexercised call options became lapsed on the expiry of the exercise period.

### 23. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the board of directors on 19 December 2014.



# Management Discussion and Analysis

## FINANCIAL REVIEW

During the financial period under review, due to the events leading to the suspension of trading in the Company's shares (the "Trading") on the Stock Exchange, the Group faced a challenging and complex business environment. As a result, the Group's overall business and financial performance for the six months ended 31 December 2011 had been negatively affected and were far from satisfactory. Such events have dampened effect on the confidence of both institutional and indirect export customers which reduced in demand for the Group's produce from 31% to 12% of crop sales. Though the sales volume for the agricultural produce remained stable at approximately 1.402 million tonnes (31 December 2010: 1.388 million tonnes), there was a tumble of the average selling price for crops of the Group in the PRC (the "Average Selling Price") from RMB2.74 per kilogram to RMB1.21 per kilogram. The turnover of the Group was significantly down to RMB1,709 million (31 December 2010: RMB3,835 million) that resulted in a gross loss of RMB102 million (31 December 2010: gross profit of RMB2,382 million). In addition, a substantial loss of RMB2,488 million was caused by changes in fair value less costs to sell of biological assets under the valuation and it was mainly due to the drop in the Average Selling Price. Consequently, the Group recorded a significant loss for the financial period under review.

In adherence to prudent financial management and through reasonable control of operating costs, general and administrative expenses substantially reduced from RMB236 million in the corresponding period of previous year to about RMB82 million, representing a drop of 65%. Selling and distribution expenses and other operating expenses also fell slightly by 1% to RMB434 million and RMB164 million respectively. The Group recorded loss from operations of RMB3,200 million (31 December 2010: profit from operations of RMB1,531 million).

## AGRICULTURAL LAND

As at 31 December 2011, the production base area of the Group's core business, including vegetable land, tea garden and fruit garden, amounted to 880,573 mu (58,705 hectares), increased by 23% when compared with 714,933 mu (47,662 hectares) as at 31 December 2010. It recorded an increase of 14% in production base area when compared with 773,073 mu (51,538 hectares) as at 30 June 2011.

The weighted average production base area for vegetables as at 31 December 2011 increased by 21% to 656,820 mu (43,788 hectares) when compared with 544,520 mu (36,301 hectares) as at 31 December 2010. It also represented an increase of 13% in weighted average production base area for vegetables when compared with 578,845 mu (38,590 hectares) as at 30 June 2011.

# Management Discussion and Analysis

## BUSINESS OVERVIEW

Chaoda has operated production bases in 13 different provinces and cities in the PRC that built a strategic network of production bases covering a variety of climatic belts, altitudes, longitudes-latitudes and spanning across the country from the North to South. With upgrading of agricultural land and constructing of infrastructure, the production bases have now been transformed and equipped with advanced technology and solid industrialisation to cultivate green agricultural produce.

To eliminate the risks pertaining to cultivation and realize efficient production, considerable resources have been allocated to infrastructure development which include, among others, irrigation and drainage systems, greenhouses, greenhouse sheds, groundsheeting, experiment farm cottage. The facilities are instrumental in the application of environmental protection control processes and techniques, and have contributed to standard agricultural production and enhance the quality and safety of agricultural produce.

By setting up information networks at wholesale markets for agricultural produce in major and large cities in the PRC, Chaoda is able to get to grip with price changes of major agricultural produce, thereby guiding its production bases to make appropriate sales decisions based on its analysis of the data, and may adjust its production plan in a timely and effective manner according to market feedbacks.

The Group has always been committed to the cause of modernization in agricultural industry. In addition to retaining its designation of “State-Level Dragon Head Agricultural Leading Enterprise”, Chaoda has once again been named on the “China’s Top 500 Companies List” dated 13 July 2011 of Fortune Magazine (Chinese edition), and ranked the fourth in the category for agriculture, forestry, fishery industry and animal husbandry. The Group will endeavor to further develop the traits of its “Chaoda” brand on conviction of its value to market expansion by lining up its resources to raise its brand awareness.

## OUTLOOK

Being an agricultural leading enterprise, Chaoda is fully confident of overcoming the existing challenges and continually generating further shareholders’ value and undergoing further development for its shareholders. On top of that, Chaoda will also strive to be a pioneer in the industry and assume leadership in agricultural development forward and the pursuit of sustainable growth of rural economy. Through industrial development, setting up of industry standard and brand building, among others, the Group aims to align the interest of the farmers with that of the corporations and establish a model with common risk exposure and mutual benefit, thereby realizing safe and reliable food supply in the country and society and contributing to the assurance of food safety and social stability of the State.

The Board remains positive at all times notwithstanding the challenges that come its way during the period of turbulence. The Board will continue exhausting every means to mitigate the negative impact and adapt in a positive manner by proactively and strategically implemented measures to control the risks, and realize and enhance core strengths of the Group for corporate development to sustain and thrive. Last but not least, the Board will spare no efforts to resume the Trading.

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

During the financial period under review, net cash generated by the Group from its operating activities amounted to RMB369 million (31 December 2010: RMB1,803 million). As at 31 December 2011, cash and cash equivalents of the Group amounted to RMB2,803 million (30 June 2011: RMB3,333 million). Apart from revenue generated from operating activities, during the financial period under review, additional funds as general working capital of the Group in the amount of approximately HK\$461 million raised from the placing of 100 million shares in Asian Citrus Holdings Limited at a price of HK\$4.66 per share by a wholly-owned subsidiary of the Company. The majority of the Group's operating transactions were settled in RMB. The effect of exchange rate fluctuations was relatively immaterial to the Group.

As at 31 December 2011, the total equity of the Group (including non-controlling interests) amounted to RMB22,211 million (30 June 2011: RMB25,844 million). The debt of the Group was the US\$200 million of 3.7% secured guaranteed convertible bonds due 2015 (the "Convertible Bonds") issued on 1 September 2010. As at 31 December 2011, the debt to equity ratio (total Convertible Bonds over total equity) of the Group slightly increased to 5%, and the current ratio (dividing total current assets by total current liabilities) was 3 times (30 June 2011: 25 times).

Details of the Convertible Bonds are set out in note 17 to the unaudited condensed consolidated financial statements.

The Group did not have any material contingent liabilities as at 31 December 2011 and 30 June 2011.

## CHARGE ON ASSETS

Save and except for the pledge of shares of certain subsidiaries of the Company for the issuance of the Convertible Bonds, the Group did not charge any of its assets as at 31 December 2011.

## CAPITAL STRUCTURE

As at 31 December 2011, there were 3,291,302,491 shares in issue and there was no change in the issued share capital of the Company during the financial period under review.

## HUMAN RESOURCES

As at 31 December 2011, the Group employed approximately 27,635 employees, of which 26,387 were farmland employees.

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

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurred after the reporting period are set out in note 22 to the unaudited condensed consolidated financial statements.

# Other Information

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2011 and as at the date of this report, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Listing Rules were as follows:

### Long positions in shares of the Company

#### As at 31 December 2011

Name of Directors	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests Corporate interests (Note)	2,028,000 643,064,644	645,092,644	19.31%
Mr. Chan Chi Po Andy	Personal interests	103,528		

#### As at the date of this report

Name of Directors	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests Corporate interests (Note)	2,028,000 643,064,644	645,092,644	19.60%
Mr. Chan Chi Po Andy	Personal interests	103,528		

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

## Other Information

### Long positions in underlying shares of the Company

As at 31 December 2011

Name of Directors	Grant date	Exercisable period		Exercise price HK\$	Number of share options		
		Starting	Ending		Balance as at 01/07/2011	Lapsed during the financial period under review	Balance as at 31/12/2011
Mr. Kwok Ho	28/01/2003	01/07/2003	to 27/01/2013	1.500	22,113,000	—	22,113,000
	28/01/2003	01/01/2004	to 27/01/2013	1.500	22,113,000	—	22,113,000
	28/01/2003	01/01/2005	to 27/01/2013	1.500	22,113,000	—	22,113,000
Dr. Li Yan	26/11/2010	26/11/2010	to 25/11/2020	6.430	500,000	—	500,000
Ms. Huang Xie Ying	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Kuang Qiao	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Chen Jun Hua	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Chan Chi Po Andy	24/10/2008	24/10/2008	to 23/10/2018	3.846	2,120,000	—	2,120,000
	26/11/2010	26/11/2010	to 25/11/2020	6.430	3,000,000	—	3,000,000
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Fung Chi Kin	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000
Mr. Tam Ching Ho	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000
Ms. Luan Yue Wen (retired on 30 December 2013)	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000

## Other Information

### As at the date of this report

Name of Directors	Grant date	Exercisable period		Exercise price HK\$	Number of share options		
		Starting	Ending		Balance as at 01/07/2011	Lapsed during	Balance as at 19/12/2014
						the period from 01/07/2011 to 19/12/2014	
Mr. Kwok Ho	28/01/2003	01/07/2003	to 27/01/2013	1.500	22,113,000	22,113,000	—
	28/01/2003	01/01/2004	to 27/01/2013	1.500	22,113,000	22,113,000	—
	28/01/2003	01/01/2005	to 27/01/2013	1.500	22,113,000	22,113,000	—
Dr. Li Yan	26/11/2010	26/11/2010	to 25/11/2020	6.430	500,000	—	500,000
Ms. Huang Xie Ying	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Kuang Qiao	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Chen Jun Hua	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Chan Chi Po Andy	24/10/2008	24/10/2008	to 23/10/2018	3.846	2,120,000	—	2,120,000
	26/11/2010	26/11/2010	to 25/11/2020	6.430	3,000,000	—	3,000,000
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Fung Chi Kin	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000
Mr. Tam Ching Ho	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000
Ms. Luan Yue Wen (retired on 30 December 2013)	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	750,000	—

Save as disclosed above, as at 31 December 2011 and as at the date of this report, none of the Directors, chief executives or their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

According to the register maintained by the Company in accordance with Section 336 of the SFO, the following parties, other than the Directors, were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company:

#### As at 31 December 2011

Name of shareholders	Capacity	Long/short position	Number of shares and underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note 1)	Beneficial owner	Long	643,064,644	643,064,644	19.25%
Deutsche Bank Aktiengesellschaft (Note 2)	Beneficial owner	Long	12,805,535	363,625,532	11.04%
	Investment manager	Long	450,000		
	Person having a security interest in shares	Long	77,453,873		
	Custodian corporation/approved lending agent	Long	272,916,124		
	Beneficial owner	Short	9,100,835	65,728,866	1.99%
	Person having a security interest in shares	Short	56,628,031		
UBS AG (Note 3)	Beneficial owner	Long	121,097,861	292,733,326	8.89%
	Person having a security interest in shares	Long	72,790,288		
	Interest of corporation controlled by the substantial shareholder	Long	98,845,177		
	Beneficial owner	Short	64,537,380	162,518,488	4.94%
	Interest of corporation controlled by the substantial shareholder	Short	97,981,108		
Janus Capital Management LLC	Investment manager	Long	267,667,574	267,667,574	8.01%
BlackRock, Inc. (Note 4)	Interest of corporation controlled by the substantial shareholder	Long	242,851,266	242,851,266	7.37%
JPMorgan Chase & Co. (Note 5)	Beneficial owner	Long	43,937,954	167,886,230	5.10%
	Investment manager	Long	18,532,000		
	Custodian corporation/approved lending agent	Long	105,416,276		
	Beneficial owner	Short	42,029,884	42,029,884	1.28%

## Other Information

### Notes:

1. Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially and wholly owned by Mr. Kwok Ho.
2. The aggregate interests of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 272,916,124 shares (long position). Besides, 479,802 shares (long position) were held through physically settled derivatives (on exchange), 925,300 shares (long position) were held through cash settled derivatives (off exchange) and 970,000 shares (short position) were held through cash settled derivatives (off exchange).
3. Among the aggregate interests of UBS AG in the Company, 57,864,173 shares (long position) were held through physically settled derivatives (on exchange), 3,262,657 shares (short position) were held through physically settled derivatives (on exchange), 914,000 shares (short position) were held through physically settled derivatives (off exchange) and 400,480 shares (short position) were held through cash settled derivatives (off exchange).
4. Among the aggregate interests of BlackRock, Inc. in the Company, 302,000 shares (long position) were held through physically settled derivatives (on exchange).
5. The aggregate interests of JPMorgan Chase & Co. in the Company included a lending pool of 105,416,276 shares (long position). Besides, 479,802 shares (long position) were held through physically settled derivatives (on exchange).

### As at the date of this report

Name of shareholders	Capacity	Long/short position	Number of shares and underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note 1)	Beneficial owner	Long	643,064,644	643,064,644	19.25%
Janus Capital Management LLC	Investment manager	Long	262,363,574	262,363,574	7.97%
Deutsche Bank Aktiengesellschaft (Note 2)	Beneficial owner	Long	18,158,000	257,144,016	7.81%
	Person having a security interest in shares	Long	352,624		
	Interest of corporation controlled by the substantial shareholder	Long	6,955,043		
	Custodian corporation/approved lending agent	Long	231,678,349		
	Beneficial owner	Short	14,473,300	20,978,343	0.64%
	Interest of corporation controlled by the substantial shareholder	Short	6,505,043		
BlackRock, Inc. (Note 3)	Interest of corporation controlled by the substantial shareholder	Long	212,160,246	212,160,246	6.45%

### Notes:

1. Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially and wholly owned by Mr. Kwok Ho.
2. The aggregate interests of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 231,678,349 shares (long position). Besides, 1,390,000 shares (short position) were held through cash settled derivatives (off exchange).
3. Among the aggregate interests of BlackRock, Inc. in the Company, 302,000 shares (long position) were held through cash settled derivatives (on exchange).



## Other Information

### SHARE OPTION SCHEME

The principal terms of the share option scheme of the Company were summarised and set out in the 2010/2011 annual report of the Company. During the financial period under review, details of the movements of the outstanding share options granted under this scheme were as follows:

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options		
		Starting	Ending		Balance as at 01/07/2011	Lapsed during the financial period under review	Balance as at 31/12/2011
<b>Directors</b> (Note 1)					82,209,000	—	82,209,000
<b>Employees</b> in aggregate	28/05/2004	01/01/2007 to	27/05/2014	2.279	246,940	—	246,940
	17/08/2005	17/08/2005 to	16/08/2015	2.935	210,600	—	210,600
	17/08/2005	17/08/2006 to	16/08/2015	2.935	210,600	—	210,600
	17/08/2005	17/08/2007 to	16/08/2015	2.935	210,600	—	210,600
	17/08/2005	17/08/2008 to	16/08/2015	2.935	210,600	—	210,600
	17/08/2005	17/08/2009 to	16/08/2015	2.935	210,600	—	210,600
	01/11/2005	01/11/2007 to	31/10/2015	2.802	75,816	—	75,816
	01/11/2005	01/11/2008 to	31/10/2015	2.802	118,216	—	118,216
	01/11/2005	01/11/2009 to	31/10/2015	2.802	497,256	—	497,256
	31/08/2006	01/04/2007 to	30/08/2016	3.837	463,320	—	463,320
	31/08/2006	01/04/2008 to	30/08/2016	3.837	568,620	—	568,620
	31/08/2006	01/04/2009 to	30/08/2016	3.837	568,620	—	568,620
	31/08/2006	01/04/2010 to	30/08/2016	3.837	794,450	—	794,450
	31/08/2006	01/04/2011 to	30/08/2016	3.837	23,666,280	—	23,666,280
	24/10/2008	24/10/2008 to	23/10/2018	3.846	124,800	—	124,800
	24/10/2008	24/10/2009 to	23/10/2018	3.846	153,170	28,000	125,170
	24/10/2008	24/10/2010 to	23/10/2018	3.846	644,800	104,000	540,800
	24/10/2008	24/10/2011 to	23/10/2018	3.846	644,800	104,000	540,800
	24/10/2008	24/10/2012 to	23/10/2018	3.846	644,800	104,000	540,800
	26/11/2010	26/11/2010 to	25/11/2020	6.430	54,125,000	50,000	54,075,000
	26/11/2010	26/11/2011 to	25/11/2020	6.430	925,000	50,000	875,000
	26/11/2010	26/11/2012 to	25/11/2020	6.430	925,000	50,000	875,000
	26/11/2010	26/11/2013 to	25/11/2020	6.430	925,000	50,000	875,000
<b>Other Participants</b> in aggregate	31/08/2006	01/04/2010 to	30/08/2016	3.837	185,700	—	185,700
	31/08/2006	01/04/2011 to	30/08/2016	3.837	1,053,000	—	1,053,000
	26/11/2010	26/11/2010 to	25/11/2020	6.430	1,000,000	—	1,000,000
<b>Total</b>					171,612,588	540,000	171,072,588

## Other Information

### Notes:

1. Movements of the share options granted to the Directors are shown under the section headed "Directors' Interests in Securities".
2. No share options have been granted, exercised or cancelled during the six months ended 31 December 2011.

### INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: HK\$0.03 per share).

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### AUDIT COMMITTEE

During the six months ended 31 December 2011, the Audit Committee consisted of three members, all of whom were the then independent non-executive Directors. Mr. Tam Ching Ho was the Chairman and two other members were Mr. Fung Chi Kin and Ms. Luan Yue Wen.

Following the retirement of Ms. Luan Yue Wen after the conclusion of the annual general meeting of the Company held on 30 December 2013, the number of both the independent non-executive Directors and members of the Audit Committee fell below the minimum requirements respectively stipulated under Rules 3.10A and 3.21 of the Listing Rules. As at the date of this report, the Board continued to take steps to identify a suitable candidate to fill the vacancy.

The Audit Committee (comprising Mr. Tam Ching Ho (the Chairman) and Mr. Fung Chi Kin, as at the date of this report) had reviewed the unaudited interim results of the Group for the six months ended 31 December 2011.

## Other Information

### CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance practices and high standards of business ethics. The Board believes that good corporate governance provides a framework for effective management, achieving business goals and maximising long term value to shareholders.

Throughout the financial period under review, the Company had applied the principles of the Code on Corporate Governance Practices (effective until 31 March 2012) (the “CG Code”) and complied with the code provisions and certain recommended best practices set out in the CG Code contained in Appendix 14 to the Listing Rules in force during the financial period under review, except for the deviation as stated below:

#### Code provision A.2.1 of the CG Code

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be segregated. The Board considers that with his profound knowledge and expertise in agriculture business, Mr. Kwok Ho, being the Chairman and the Chief Executive Officer of the Company, provides a strong and consistent leadership to formulate efficient strategies, to implement prompt decisions and to complete effective business plans of the Group. It is in the best interests of the Company that Mr. Kwok Ho shall continue his dual capacity as the Chairman and the Chief Executive Officer of the Company.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors, all Directors confirmed that they had complied with the Model Code throughout the financial period under review.

On behalf of the Board

**Kwok Ho**  
*Chairman*

Hong Kong, 19 December 2014