CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)

ANNUAL REPORT 2013/2014

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Chaoda Modern Agriculture (Holdings) Limited
Annual Report 2013/2014

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kwok Ho *(Chairman)*
Dr. Li Yan
Ms. Huang Xie Ying
Mr. Kuang Qiao
Mr. Chen Jun Hua
Mr. Chan Chi Po Andy (retired on 30 December 2014)

Non-executive Director

Mr. Ip Chi Ming

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Tam Ching Ho
Professor Lin Shun Quan
Ms. Luan Yue Wen (retired on 30 December 2013)
Mr. Chan Yik Pun (appointed on 5 January 2015)

AUDIT COMMITTEE

Mr. Tam Ching Ho *(Chairman)*
Mr. Fung Chi Kin
Ms. Luan Yue Wen (retired on 30 December 2013)
Mr. Chan Yik Pun (appointed on 5 January 2015)

REMUNERATION COMMITTEE

Mr. Fung Chi Kin *(Chairman)*
Mr. Tam Ching Ho
Ms. Luan Yue Wen (retired on 30 December 2013)
Mr. Chen Jun Hua
Mr. Chan Yik Pun (appointed on 5 January 2015)

AUTHORISED REPRESENTATIVES

Mr. Kwok Ho
Mr. Ip Chi Ming

CHIEF FINANCIAL OFFICER

Mr. Chan Chi Po Andy

COMPANY SECRETARY

Ms. Chong Suet Ming Alison

Corporate Information

STOCK CODE

682

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants
(appointed on 18 August 2014)

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
China CITIC Bank Corporation Limited
Industrial Bank Co., Ltd.
China Everbright Bank Company Limited
Shanghai Pudong Development Bank Co., Ltd.
Ping An Bank Co., Ltd.

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2705, 27th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

http://www.chaoda.com.hk
http://www.irasia.com/listco/hk/chaoda

Chairman's Statement

I hereby present the annual results for Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "Chaoda") for the financial year ended 30 June 2014.

Since September 2011, due to the events leading to the suspension and continued suspension of the trading in the Company's shares (the "Trading") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the publication of the audited annual results for the financial year ended 30 June 2014 was delayed. I would like to take this opportunity to give a heartfelt apology to all shareholders, investors and business partners and thank for the patience and support from shareholders in this difficult time.

As detailed in the Company's announcement dated 10 May 2012, the Stock Exchange imposed on the Company certain conditions to the resumption of the Trading (the "Resumption"). With our best endeavours, the announcement containing the Company's responses to and refutations of the allegations made against the Company in an anonymous report issued by Anonymous Analytics had been published on 19 July 2013. The internal control review conducted by RSM Nelson Wheeler Consulting Limited ("RSM") on the adequacy of the financial reporting procedures and the internal control system of the Group had been completed. As at the date of this report, the Company had published all outstanding financial results as scheduled in the tentative timetable disclosed in the Company's announcement dated 15 September 2014. We are delighted to announce that the Company has satisfied all the conditions for Resumption and application has been made to the Stock Exchange for the Resumption with effect from 2 February 2015.

Our auditors, Elite Partners CPA Limited ("Elite Partners"), expressed qualified auditors' opinion on the consolidated financial statements for the financial year ended 30 June 2014 (the "2014 Auditors' Opinion"). We wish to highlight that such audit qualification relates only to the opening balances but not the closing balances as at 30 June 2014. Details of the 2014 Auditors' Opinion was set out in the Independent Auditors' Report of this annual report.

INDUSTRY AND BUSINESS REVIEW

During the financial year under review, agricultural market was largely stable. Food safety continues to be a major concern in China. Adverse food contamination problems have made food safety a top priority in domestic market. The consumers in China demand high quality of food and are more vigilant about the safety of food. Same as prior years, the Chinese government continued to introduce more preferential policies and measures for agricultural sector. The Central Committee of the Communist Party of China and the State Council issued the "Number One Document" in January 2014. This document emphasised on perfecting the national food safety assurance system. Its core content also included strengthening the support for Agricultural Industry, establishing mechanisms for the sustainable development of the Agricultural Industry, enhancement of land reform in Rural Areas, formulating advanced agricultural operation models, expediting of rural financial system innovations, improving institutional mechanisms for the development of the integration of rural and urban and boosting governing mechanisms for rural villages. This document focused on the "Three Rural" (which stands for "Agricultural Industry", "Rural Areas" and "Farmers") issues for the eleventh consecutive year.

Chairman's Statement

Despite introduction of further preferential policies on Agriculture Industry by the PRC government, the financial results during the financial year under review continued to be suffered from the negative impact arising from the events leading to the suspension of the Trading on the Stock Exchange and the Group recorded a net loss. Nevertheless, Chaoda maintained its competitive edges and continued to retain its position in "China's 500 Most Valuable Brands" published by the World Brand Laboratory as well as passed the re-assessment of its designation of the "State-Level Dragon Head Leading Agricultural Enterprises" in 2014.

PROSPECTS AND DEVELOPMENT STRATEGY

We believe that China will continue to allocate additional resources to cope with the "Three Rural" issues for a stable and sustainable development in the Agricultural Industry. The overall operating environment will continue to improve.

Concentration on Core Business

Considering the favourable conditions with generous support for the development of the Agricultural Industry from the central government, we believe the industry will continue to thrive in an improving overall operating environment. It offers great opportunities of growth for Chaoda. In the wake of escalating industrialisation and urbanisation, the Agricultural Industry in China is at a critical stage of transformation from fragmented small scale production in the past to an intensively industrialised, standardised and modernised operating model. This highly efficient development approach is what Chaoda, as a pioneer in modern agriculture, has persistently taken. The Group's business model of "Company + Production Bases + Farmers" has become a paradigm for modernised vegetable cultivation in China. In the future, the Group will continue to take advantage of preferential agricultural policies and opportunities generated by the improving operating environment in the industry by focusing on its core business of vegetable and fruit cultivation. The Group will also continue to lead the industrialisation of vegetable cultivation, improve farming efficiency and boost farmers' income so as to thrive as a driving force for modern cultivation industry and a prominent provider of quality standardised agricultural products.

Enhancing Quality Control

A series of food safety issues around the world had drawn the market's attention to the issue, resulting in surging demands for quality and healthy agricultural products. Chaoda's product whole-chain tracking system for its agricultural products was highly-recognised in the 2nd Cross-Strait Modern Agriculture Expo. The Group is dedicated to the promotion of technologies for standardised vegetable production and comprehensive product quality control, as well as the establishment of product quality management system to offer quality and safe products, which help to boost our corporate image and appeal to a wider market.

Dedicated Brand Building

Branding is an integral part of modern agriculture. Accordingly, Chaoda has devoted substantial corporate resources in this aspect. With our own competitive edges, we continued to be ranked on the list of "China's 500 Most Valuable Brands" and entitled as one of the "State-Level Dragon Head Leading Agricultural Enterprises" in 2014. Relentless efforts will continue to be spent on the maintenance and improvement of product quality so as to reinvigorate the Group as well as our brand image. In the future, the Group will endeavour to build a "quality brand" portfolio and focus on the development and building of agricultural brands so as to offer reliable branded agricultural products with specific traits, high quality and market appeal. With prominent market share, the offerings are competitive enough to stand out in the international market. The Group will further integrate brand management concepts into every step of production, processing and distribution to enhance standardised production and to explore market with brands, as well as to realise brand values in terms of product marketing efficiency and competitive strengths.

Chairman's Statement

Strengthening Technical Innovations

The Group will continue to bolster innovations and applications for agricultural technologies and commit itself to the enhancement of efficiency in the production and product quality through scientific research and technologies. Chaoda has established a research institution that claims leadership in eco-organic agricultural technologies and with dozens of top agricultural experts. In addition, the Group has already established close cooperation with numerous academies and research units in agriculture. The Group will endeavour to promote the application of agricultural technologies and enhance production and sales efficiency by using advanced information technology in its management.

The central government has been committed to tackling the "Three Rural" issues in the past decade and launched a series of preferential policies to create a more favourable operating environment in the Agricultural Industry, which fuels our enthusiasm on the future of the industry.

Over the years, we have been devoted to the industrialisation of vegetable cultivation and allocated enormous resources to quality management, brand building, talent recruitment and nurturing and scientific research and development for the Agricultural Industry. We command well-rounded competitive strengths in respect of quality, branding, human resources and technologies. Confronted with the difficulties, the Group, as a leading enterprise in vegetable cultivation, will insist on modernisation of vegetable cultivation to provide customers with quality vegetables and maintain our competitive strengths.

Looking forward, we will continue to leverage on our competitive strengths with due consideration, use our best endeavours to overcome any existing or possible challenges with a view to achieving our business objectives and turning our business goals into reality.

The board of directors (the "Board") remains positive at all times notwithstanding the challenges that come its way during the period of turbulence. The Board will continue exhaust every means to mitigate the negative impact and adapt in a positive manner by proactively and strategically implemented measures to control the risks, and realise and enhance core strengths of the Group for corporate development to sustain and thrive.

Once again, on behalf of the Board, I am grateful for the perseverance and resilience of our staff shown during suspension of the Trading and give thanks to all of them for their unswerving efforts. I would also take this opportunity to express hearty gratitude to all shareholders, investors and business partners for their patience, understanding and continued support during the adverse period of time.

Kwok Ho
Chairman

30 January 2015

Management Discussion and Analysis

FINANCIAL REVIEW

During the financial year under review, the Group continued to adapt its business strategies and production plan accordingly to respond to market demand for the Group's produce, including downsizing its production. The Group recorded a substantial decrease in the sales volume of crops to 625,707 tonnes (2013: 1,331,864 tonnes). Approximately 94% (2013: 96%) of crops sales of the Group came from China, among which 95% (2013: 98%) were sold to the wholesale markets in China. The Group's turnover amounted to RMB1,459 million (2013: RMB2,282 million). The average selling price (the "ASP") for crops sold in China's markets increased from RMB1.52 per kilogram to RMB2.17 per kilogram. Notwithstanding the increase in the ASP, as the farmlands for crops production were downsized and the farmlands available were not utilised in full, the Group could not take full advantage of economies of scale that could help decrease the costs for the Group overall. The situation, coupled with the fact that the overall production costs for crops had kept increasing in China and the decline in the sales volume of crops, led to the gross loss of RMB271 million (2013: RMB141 million).

A gain of RMB263 million was resulted from changes in fair value less costs to sell of biological assets under the valuation. In adherence to prudent financial management and through reasonable control of operating costs, selling and distribution expenses substantially lowered by 43% to RMB267 million (2013: RMB471 million) which were mainly due to the decrease in the sales volume of the crops. General and administrative expenses also reduced by 18% to RMB145 million. Other operating expenses dropped from RMB2,757 million to RMB1,512 million. Such drop was mainly attributable to, inter alia, the decrease in loss on disposals of property, plant and equipment as a result of the returned leasehold farmlands. As a whole, loss from operations of RMB1,879 million (2013: RMB3,141 million) was recorded for the financial year under review.

AGRICULTURAL LAND

The Group applies stringent land selection criteria underpinned by high standards for air, soil and water resources. Suitable agricultural land is acquired to satisfy the needs of producing Chaoda's vegetables and fruits and to enhance the strategic network of production bases spanning across the country from the North to the South, so that highland and lowland bases of the Group complement each other to enable an even supply throughout the year while mitigating the impact of adverse weather.

As at 30 June 2014, the Group's production bases amounted to 18 in 8 different provinces and cities in China, with a total production area (including vegetable land and fruit garden) of 543,213 mu (36,214 hectares), representing a decrease of 11% when compared with the total production area of 608,113 mu (40,541 hectares) as at the end of the previous financial year. Such decrease was mainly resulted in the returned leasehold farmlands as disclosed above.

The weighted average production area for vegetables for the financial year under review was 397,735 mu (26,516 hectares), representing a decrease of 23% when compared with 518,475 mu (34,565 hectares) for the previous financial year.

HUMAN RESOURCES

During the adverse period of time, the Group persisted in "people-oriented" management philosophy. The Group spared no efforts in stabilising its staff, especially the frontline staff. As at 30 June 2014, the Group employed approximately 14,995 employees, including 14,092 farmland workers.

Remuneration of employees is determined by their positions, job nature and level of responsibilities to the Group. The remuneration package comprises the basic salary, discretionary bonuses and share options. Other benefits such as pension, insurance, education, subsidies and training programmes are also provided to the employees. The grant of share options to eligible employees as a source of motivation for ongoing contributions to the Group's long-term development in future represents an important element in the Company's remuneration policy.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the financial year under review, net cash generated from operating activities of the Group amounted to RMB49 million whereas in previous year, net cash used in operating activities of the Group was RMB368 million. As at 30 June 2014, the Group's cash and cash equivalents amounted to RMB432 million (2013: RMB371 million). 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 30 June 2014, the total equity of the Group (including non-controlling interests) amounted to RMB15,258 million (2013: RMB17,196 million). Besides, the Group had bank loans in total amount of RMB29 million which were repayable within one year (2013: Nil). Thus, as at 30 June 2014, the debt to equity ratio (total of bank loans over total equity) of the Group was 0.2%. The current ratio (dividing total current assets by total current liabilities) was 6 times (2013: 10 times).

CHARGE ON ASSETS

As at 30 June 2014, the Group had a banking facility of RMB29 million (2013: Nil) which had been utilised by the Group. The banking facility was unsecured, the details of which are set out in note 32 to the consolidated financial statements.

The Group did not charge any of its assets.

CONTINGENT LIABILITIES

As at 30 June 2014 and 2013, the Group did not have any material contingent liabilities.

CAPITAL STRUCTURE

As at 30 June 2014, 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 year under review.

Corporate Governance Report

The Board is pleased to present the corporate governance report for the financial year ended 30 June 2014.

CORPORATE GOVERNANCE OF THE COMPANY

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 our shareholders.

During the financial year under review, the Company had applied the principles of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and complied with the code provisions set out in the CG Code, except for the deviations as stated in the relevant paragraphs of this report.

NON-COMPLIANCE WITH FINANCIAL REPORTING PROVISIONS OF THE LISTING RULES

Due to the resignations of the Company's former auditors, the Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual/interim results for the financial year ended 30 June 2014 and for the six-month period ended 31 December 2013; and (ii) publishing the related annual/interim reports for the above-mentioned year/period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 year ended 30 June 2014. The directors' interests as at 30 June 2014 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out in the Directors' Report under the section headed "Directors' Interests in Securities".

BOARD OF DIRECTORS

Composition

The members of the Board during the financial year under review were as follows:

Members of the Board

Executive directors:
Mr. Kwok Ho (Chairman)
Dr. Li Yan
Ms. Huang Xie Ying
Mr. Kuang Qiao
Mr. Chen Jun Hua
Mr. Chan Chi Po Andy (retired on 30 December 2014)

Non-executive director:
Mr. Ip Chi Ming

Independent non-executive directors:
Mr. Fung Chi Kin
Mr. Tam Ching Ho
Professor Lin Shun Quan
Ms. Luan Yue Wen (retired on 30 December 2013)

Corporate Governance Report

During and after the end of the financial year under review, the following changes in composition of the Board took place:

1. Due to the poll results of the annual general meeting held on 30 December 2011 ("2011 AGM"), Mr. Chen Jun Hua will retire as the executive director of the Company at the conclusion of the adjourned 2011 AGM to be convened and held by the Company on the date to be separately announced by the Company.

2. Due to the poll results of the annual general meeting held on 30 December 2013 ("2013 AGM"), Ms. Luan Yue Wen retired as the independent non-executive director of the Company. Following her retirement, Ms. Luan has ceased to take the roles as member of both the Audit Committee and the Remuneration Committee of the Board at the conclusion of the 2013 AGM. The number of the independent non-executive directors of the Company fell below the minimum requirement stipulated under Rule 3.10A of the Listing Rules. As at the date of this report, the Company is in compliance with the minimum requirement as stipulated under Rule 3.10A of the Listing Rules.

3. Due to the poll results of the annual general meeting held on 30 December 2014 ("2014 AGM"), Mr. Chan Chi Po Andy retired as the executive director of the Company. Mr. Chan will continue to serve as the Chief Financial Officer of the Company.

4. With effect from 5 January 2015, Mr. Chan Yik Pun has been appointed as an independent non-executive director of the Company, as well as a member of the Audit Committee and the Remuneration Committee of the Board.

Biographical details of the directors are disclosed in the section headed "Profiles of Directors and Senior Executives" of this annual report. To the best knowledge of the Company, there are no relationships (including financial, business, family or other material relationships) among the directors.

In compliance with Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation of independence from all independent non-executive directors pursuant to Rule 3.13 of the Listing Rules for the financial year ended 30 June 2014. The Company considers them as independent of the management and free of relationship that could materially interfere with their exercise of independent judgment.

The non-executive director and each of the independent non-executive directors are appointed for a specific term of two years. Appointment may be terminated by either party serving on the other party a written notice of not less than three months. In accordance with the CG Code and the Company's articles of association, they should be subject to retirement by rotation at least once every three years at the annual general meeting.

Responsibilities

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

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

Corporate Governance Report

Board meetings

Meetings of the Board are held on a regular basis and will be held on other occasions when a board-level decision on a particular matter is required. Directors may participate either in person or through electronic means of communications. The attendance of individual directors at the meetings of the Board meetings during the financial year ended 30 June 2014 is set out as follows:

Name of directors	Attendance
Executive directors:	
Mr. Kwok Ho *(Chairman)*	9/9
Dr. Li Yan	8/9
Ms. Huang Xie Ying	9/9
Mr. Kuang Qiao	9/9
Mr. Chen Jun Hua	9/9
Mr. Chan Chi Po Andy (retired on 30 December 2014)	9/9
Non-executive director:	
Mr. Ip Chi Ming	8/9
Independent non-executive directors:	
Mr. Fung Chi Kin	8/9
Mr. Tam Ching Ho	9/9
Professor Lin Shun Quan	5/9
Ms. Luan Yue Wen (retired on 30 December 2013)	2/2

Corporate Governance Report

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

All directors are committed to participating in continuous professional development under code provision A.6.5 of the CG Code. During the financial year ended 30 June 2014, reading materials like journals and publications had been provided to all members of the Board to keep them informed of the latest developments regarding the Listing Rules and other applicable regulatory requirements.

According to the records maintained by the Company, the directors' participation in various continuous professional programs relevant to regulatory updates; industry-specific; business management; accounting or finance for the financial year ended 30 June 2014 are as follows:

Name of directors	Attending Training course/ Seminar/ Conference/ Forum/Workshop	Reading Materials
Executive directors:		
Mr. Kwok Ho *(Chairman)*	✓	✓
Dr. Li Yan	✓	
Ms. Huang Xie Ying	✓	✓
Mr. Kuang Qiao	✓	✓
Mr. Chen Jun Hua	✓	✓
Mr. Chan Chi Po Andy (retired on 30 December 2014)	✓	✓
Non-executive director:		
Mr. Ip Chi Ming	✓	✓
Independent non-executive directors:		
Mr. Fung Chi Kin	✓	✓
Mr. Tam Ching Ho	✓	✓
Professor Lin Shun Quan	✓	

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Kwok Ho serves as the Chairman and Chief Executive Officer of the Company, which deviates from the requirement under code provision A.2.1 of the CG Code that the roles of the chairman and chief executive officer should be segregated.

The Board considers that with his profound knowledge and expertise in agricultural 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.

The Chairman is responsible for ensuring that the Board works effectively and smoothly. Matters proposed by the directors are included in the agenda. All directors receive accurate and timely information and they are properly briefed on issues arising at the Board meetings.

Corporate Governance Report

REMUNERATION COMMITTEE

During the financial year under review, due to the retirement of Ms. Luan Yue Wen after the conclusion of the 2013 AGM, the Remuneration Committee consisted of three members, two of whom were the independent non-executive directors and one executive director. Mr. Fung Chi Kin was the Chairman and two other members were Mr. Tam Ching Ho and Mr. Chen Jun Hua.

As at the date of this report, the Remuneration Committee comprises three independent non-executive directors and one executive director. Mr. Fung Chi Kin is the Chairman and three other members are Mr. Tam Ching Ho, Mr. Chan Yik Pun and Mr. Chen Jun Hua.

The Remuneration Committee undertakes to, among other matters, make recommendations to the Board the framework or broad policy and structure for the remuneration of the Chief Executive Officer, Chairman, executive directors and senior management of the Group with the objective as to ensure that such persons are provided with appropriate incentives to encourage enhanced performance and to reward for individual contributions to the success of the Group; determine, within the terms of the policy adopted by the Board and in consultation with the Chairman and/or Chief Executive Officer as appropriate, the individual specific remuneration package of each executive director and member of senior management including benefits in kind, pension rights, bonuses, incentive payments, share options and compensation payments, including any compensation payable for loss or termination of their office or appointment.

No director or manager shall be involved in any decisions as to their own remuneration. The remuneration of an independent non-executive director who is a member of the Remuneration Committee shall be a matter for other members of the Remuneration Committee. The Remuneration Committee's terms of reference are posted on the Company's websites (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk).

During the financial year ended 30 June 2014, the number of Remuneration Committee meeting held and details of the attendance are as follows:

Members of the Remuneration Committee	**Attendance**
Independent non-executive directors	
Mr. Fung Chi Kin *(Chairman)*	1/1
Mr. Tam Ching Ho	1/1
Ms. Luan Yue Wen (retired on 30 December 2013)	N/A
Executive director:	
Mr. Chen Jun Hua	1/1

During the financial year under review, the Remuneration Committee reviewed matters including the remuneration policy adopted by the Group as well as the remuneration for the directors, senior management and employees based on its assessment of their performance. It also discussed the remuneration policy and the overall level of increment applicable to the employees of the Group for the following calendar year.

Corporate Governance Report

NOMINATION OF DIRECTORS AND INSURANCE COVER

Under code provision A.1.8 of the CG Code, appropriate insurance cover in respect of legal action against directors of a listed issuer should be arranged. Under code provision A.5.1 of the CG Code, a nomination committee should be established with specific written terms of reference (code provision A.5.2), and the same should be made available on the websites of the Stock Exchange and the listed issuer (code provision A.5.3).

The Board has considered the merits of these code provisions. However, during the adverse period of time, the Board is of the view that the fulfilment of the conditions to the Resumption is regarded as the top priority of the Company. Besides, until the Resumption is achieved, the Board is of the view that the directors may be subject to such insurance premium which is much higher than necessary, reasonably or normally charged as insurance companies may tend to have reservation in accepting insurance coverage for directors of a listed company whose shares are suspended from Trading for whatever cause or reasons. The taking out of insurance policy under this situation may not be in the overall interests of the Company and our shareholders.

During the financial year under review, no insurance cover was therefore arranged in respect of legal action against the directors; and the Board had not established a nomination committee in compliance with code provision A.5.1 of the CG Code (as the Board considers that it was and is capable to perform the function of a nomination committee as designed under the CG Code without delegation after due consideration and assessment).

The Board will identify potential insurance company(ies) to arrange appropriate insurance cover in respect of legal action against its directors and officers in due course after the Resumption in compliance with code provision A.1.8 of the CG Code and from time to time review the necessity of setting up a nomination committee of the Board.

The Board will constantly review its corporate governance policies and adopt such practices and procedures as considered by it to be appropriate and in the interests of the Company and our shareholders at appropriate time.

AUDIT COMMITTEE

The responsibilities of the Audit Committee include monitoring the integrity of the financial statements of the Group (including its annual and interim reports and accounts, preliminary results announcements and any other formal announcements relating to its financial performance); reviewing significant financial reporting issues and judgments thereof before the financial statements are submitted to the Board; reviewing the effectiveness of the Group's financial controls, internal controls and risk management systems; assessing the independence and objectivity of the external auditors.

In discharging its duties, the Audit Committee is provided with sufficient resources and is authorised by the Board to obtain outside legal or other independent professional advice at the expense of the Group on any matters within its terms of reference as published on the Company's websites (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk).

During the financial year under review, due to the retirement of Ms. Luan Yue Wen after the conclusion of the 2013 AGM, the number of members of the Audit Committee fell below the minimum requirement stipulated under Rule 3.21 of the Listing Rules.

Since 5 January 2015, the Company has been in compliance with the minimum requirement as stipulated under Rule 3.21 of the Listing Rules. The members of the Audit Committee comprise Mr. Tam Ching Ho (the Chairman), Mr. Fung Chi Kin and Mr. Chan Yik Pun, all are independent non-executive directors.

Corporate Governance Report

During the financial year ended 30 June 2014, the number of Audit Committee meetings held and details of the attendance are as follows:

Members of the Audit Committee	Attendance
Independent non-executive directors:	
Mr. Tam Ching Ho *(Chairman)*	9/9
Mr. Fung Chi Kin	9/9
Ms. Luan Yue Wen (retired on 30 December 2013)	2/2

During the financial year ended 30 June 2014, the Audit Committee has, among other things, reviewed and discussed with Crowe Horwath (HK) CPA Limited ("Crowe Horwath") about the preliminary preparation work carried out by Crowe Horwath for auditing the annual results for the financial years ended 30 June 2011, 2012 and 2013 as well as for reviewing the interim results for six-month periods ended 31 December 2011, 2012 and 2013, followed up the audit field works carried out by Crowe Horwath, as well as reviewed the effectiveness of the Group's internal control system.

The audited financial statements of the Group for the financial year ended 30 June 2014 have been reviewed by the Audit Committee (namely Mr. Tam Ching Ho (the Chairman), Mr. Fung Chi Kin and Mr. Chan Yik Pun).

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

The Board had reviewed the Company's compliance of the code provisions under the CG Code and the disclosure in the Corporate Governance Report for the financial year under review.

AUDITORS' REMUNERATION

The fee paid or payable to the external auditors of the Group for the financial year ended 30 June 2014 are as follows:

Services rendered	Fee paid/payable RMB$'000
Audit services	2,377
Interim review services	555

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledged their responsibility for preparing consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant financial period.

The directors ensured that the consolidated financial statements for the financial year ended 30 June 2014 of the Group have been prepared in accordance with applicable financial reporting standards; made judgments and estimates that are prudent, fair and reasonable; and on a going concern basis.

The statement of the external auditors of the Group in respect of their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditors' Report of this annual report.

Corporate Governance Report

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal control system to safeguard the assets of the Group and interests of the shareholders. The internal control system of the Group is designed to safeguard assets against unauthorised use or disposition, maintain proper accounting records for provision of reliable financial information used internally and for publication, and ensure compliance with relevant legislation and regulations. The system is designed to manage rather than eliminate the risk of failure in operational systems and achievement of the Group's objectives, and to provide reasonable but not absolute assurance.

The internal audit department is established to provide independent assurance to the Board and management on the adequacy and effectiveness of internal controls for the Group. The department adopts a risk and control based audit approach. Internal audit reports are communicated to and discussed with the Audit Committee and the Board.

The Company engaged RSM as the internal control consultant, to perform independent internal control review to assess the effectiveness of the financial, operational and compliance controls, and risk management functions of the Company and the Group's major subsidiaries on a rotation basis. The Audit Committee and the Board, having discussed with RSM and reviewed the internal control review report compiled by RSM, were reasonably satisfied that no material deficiencies or inadequacies existed or identified for the financial year ended 30 June 2014.

COMPANY SECRETARY

The company secretary, Ms. Chong Suet Ming Alison, who is responsible for ensuring that, among others, the Board/committees procedures are complied with, and for advising the Board/committees on compliance matters. For the financial year ended 30 June 2014, she has fulfiled professional training requirement in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

According to Article 72 of the Company's articles of association, any two or more members of the Company or any one member of the Company which is a recognised clearing house (or its nominee(s)) may request for an extraordinary general meeting to be convened upon depositing at the principal office of the Company in Hong Kong written requisition specifying the objects of the meeting and signed by the requisitionist(s), provided that as at the date of deposit of the requisition, such requisitionist(s) hold not less than one-tenth of the paid-up capital of the Company which carries the right of voting at a general meeting of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an extraordinary general meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

The same procedure also applies to any proposal to be tabled at general meetings for adoption.

The shareholders and investors are also welcome to share their views and suggestions by contacting us through the following methods:

By telephone: (852) 2845 0168
By fax: (852) 2827 0278
By email: investor@chaoda.com.hk

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the financial year under review.

ANNUAL GENERAL MEETING

The attendance of individual directors at the 2013 AGM is set out as follows:

Name of directors	Attendance
Executive directors:	
Mr. Kwok Ho *(Chairman)*	✗
Dr. Li Yan	✓
Ms. Huang Xie Ying	✓
Mr. Kuang Qiao	✓
Mr. Chen Jun Hua	✓
Mr. Chan Chi Po Andy (retired on 30 December 2014)	✓
Non-executive director:	
Mr. Ip Chi Ming	✓
Independent non-executive directors:	
Mr. Fung Chi Kin	✓
Mr. Tam Ching Ho	✓
Professor Lin Shun Quan	✗
Ms. Luan Yue Wen (retired on 30 December 2013)	✓

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Due to participation in the meeting held with the PRC government official, Mr. Kwok Ho, the Chairman of the Board, was unable to attend the 2013 AGM. Other executive directors, the chairmen of each of the Audit and the Remuneration Committees had attended the 2013 AGM to answer questions regarding the Group and to exchange views with our shareholders.

Under code provision A.6.7 of the CG Code, independent non-executive directors should also attend general meetings. At the 2013 AGM, Professor Lin Shun Quan was absent because he had to attend an education seminar. Other than Professor Lin, all of the then independent non-executive directors attended the 2013 AGM.

COMMUNICATION

The Company communicates with its shareholders and investors through various means, including annual general meetings, extraordinary general meetings (if any), annual and interim reports, notices and circulars sent to shareholders, announcements, press releases and other corporate communications available at the Company's websites (www.irasia.com/listco/hk/chaoda and www.chaoda.com.hk) with a view to keeping all interested parties informed of the most up-to-date activities, development and performance of the Group.

Profiles of Directors and Senior Executives

Biographical details of the directors of the Company and the senior management of the Group as at the date of this report are set out below:

EXECUTIVE DIRECTORS

Mr. KWOK Ho, aged 59, is the founder of the Group and is also the Chairman of the Board and the Chief Executive Officer (the "CEO") of the Company. Mr. Kwok is also a director and the legal representative of some of the subsidiaries of the Company. Mr. Kwok is primarily responsible for the formulation and deployment of the overall strategy of the Group. He holds an Honorary Doctor of Business Administration and has over 30 years of experience in commercial trading in the PRC, particularly in the areas of strategic planning, management, business development, product strategy, sales and marketing. Mr. Kwok was granted by the Fujian Provincial Committee and the People's Government of Fujian Province the award of Outstanding Contribution Entrepreneur of Fujian Province for two consecutive terms. Mr. Kwok is a member of the Ninth and the Tenth Fujian Provincial Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the Eleventh National Committee of CPPCC, the first, second and third term of President of the Fujian Agricultural Industrialisation Leading Enterprises Association, and the Vice President of China Association of Agricultural Leading Enterprises.

Dr. LI Yan, aged 50, joined the Group in January 1997 and was appointed as an executive director of the Company on 17 November 2000. Dr. Li is responsible for research and innovation technology management of the Group. He obtained his master's degree in plant nutrition and doctorate degree in fruit nutrition physiology. He has been appointed as university professor of agricultural resources and environment faculty. Dr. Li has extensive experience in horticulture and plant nutrition, particularly in the areas of planting and cultivation methods, as well as pest and disease management.

Ms. HUANG Xie Ying, aged 67, joined the Group in January 1997 and was appointed as an executive director of the Company on 1 September 2003. Ms. Huang is primarily responsible for financial planning of the Group. She graduated from Xiamen Finance and Economic College. Ms. Huang has over 21 years of extensive accounting experience in the PRC.

Mr. KUANG Qiao, aged 44, joined the Group in 1996 and was appointed as an executive director of the Company on 1 September 2003. He is also the Vice President of the Group. Mr. Kuang is primarily responsible for new business development and new project research management of the Group. He graduated from the Faculty of Horticulture of Nanjing Agricultural University in July 1992 with a bachelor's degree in agriculture (majoring in vegetables). Mr. Kuang has more than 20 years of experience in the agricultural industry.

Mr. CHEN Jun Hua, aged 47, joined the Group in October 2002 and was appointed as an executive director of the Company on 17 August 2005. He is also a member of the Remuneration Committee of the Company and the Vice President of General Affairs of the Group. Mr. Chen is mainly responsible for assisting the CEO in administrative management of the Group. In July 1989, Mr. Chen graduated from China Agricultural University with a bachelor's degree in agriculture (majoring in protection of agricultural environment). Thereafter, he received a master's degree in agricultural extension from Chinese Academy of Agricultural Sciences (majoring in rural and regional development). Mr. Chen is a Senior Economist and has over 23 years of experience in agricultural and administrative management.

Profiles of Directors and Senior Executives

NON-EXECUTIVE DIRECTOR

Mr. IP Chi Ming, aged 53, was formerly an executive director of the Company until 8 January 2010 when he was re-designated as a non-executive director of the Company. Mr. Ip is a director of some of the subsidiaries of the Company. Mr. Ip has over 25 years of experience in trading and marketing in the food products industry as well as extensive experience in corporate strategic planning, overall management, business development, sales and marketing. Mr. Ip has served as an executive director of Suncorp Technologies Limited (stock code: 1063) from February 2010 to April 2014. He had been a non-executive director of Asian Citrus Holdings Limited (stock code: HKSE 73; AIM ACHL) till November 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FUNG Chi Kin, aged 65, has been an independent non-executive director of the Company since September 2003. He is the Honorary Permanent President of The Chinese Gold & Silver Exchange Society, the International Advisor of Shanghai Gold Exchange and the director of Fung Chi Kin Consulting Limited. Mr. Fung has over 30 years of experience in banking and finance. Prior to his retirement, he was the director and the Deputy General Manager of Po Sang Bank Limited (merged into Bank of China (Hong Kong) Limited in 2001), the Managing Director of BOCI Securities Limited and the Chief Administration Officer of BOC International Holdings Limited. From October 1998 to June 2000, Mr. Fung served as a Council Member of the First Legislative Council of the HKSAR. He also held offices in various public organisations and was the Vice Chairman of the Stock Exchange, the director of the Hong Kong Futures Exchange Limited, the director of Hong Kong Securities Clearing Company Limited and Hong Kong Affairs Advisor. Mr. Fung has also acted as an executive director of Powerwell Pacific Holdings Limited (stock code: 8265) since September 2014. From October 2006 to May 2012, he held the position of independent non-executive director of New Times Energy Corporation Limited (stock code: 166). Apart from being an independent non-executive director of the Company, Mr. Fung is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Mr. TAM Ching Ho, aged 44, has been an independent non-executive director of the Company since September 2003. He is a certified public accountant (practicing) registered with Hong Kong Institute of Certified Public Accountants ("HKICPA"). He has previously worked in a reputable international accounting firm for about eight years and specialised in providing assurance services for pre-listing, listed and multinational companies. He has also held senior positions in several companies, including mainly the financial controller of a company listed on the Main Board of the Stock Exchange and another company listed on the Main Board of the Singapore Exchange Securities Trading Limited for a total of about seven years. Mr. Tam has accumulated extensive experience in corporate finance and administration, listing compliance, investor relations, accounting and auditing. Mr. Tam holds a bachelor's degree of arts with honors in accountancy. He is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants. Mr. Tam is also an independent non-executive director of China Zenith Chemical Group Limited, which is listed on the Main Board of the Stock Exchange and was a Supervisory Board member of CBF China Bio-Fertilizer AG, which was listed on the Entry Standard of Frankfurt Stock Exchange from December 2010 to January 2013. Apart from being an independent non-executive director of the Company, Mr. Tam is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Professor LIN Shun Quan, aged 59, has been an independent non-executive director of the Company since November 2000. Professor Lin received his doctorate degree in agriculture from Fujian Agricultural University and had further studies at Saga University in Japan in 1988 and 1996. He was appointed as professor at South China Agricultural University as well as head of the College of Horticulture, South China Agricultural University. He has extensive experience in the agricultural industry in the PRC.

Profiles of Directors and Senior Executives

Mr. CHAN Yik Pun, aged 33, has been an independent non-executive director of the Company since 5 January 2015. Mr. Chan holds a bachelor's degree of Business (Major in Accounting) from the Monash University in Australia. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants. He has over nine years of practicable experience in the accounting and auditing fields, who had previously held office with various international accounting firms. Mr. Chan is currently working in a sole proprietorship, which engages in the provision of accounting consultancy services to private entities. Mr. Chan is also an independent non-executive director of Unity Investments Holdings Limited, a company listed on the Stock Exchange.

SENIOR EXECUTIVES

Mr. CHAN Chi Po Andy, aged 48, joined the Group in 2003 and was appointed as an executive director of the Company on 17 August 2005 until he retired from his office on 30 December 2014. He has also been the Chief Financial Officer of the Company for many years and is also a director of certain subsidiaries of the Company. Mr. Chan is primarily responsible for financial management and financial information analysis of the Group. Mr. Chan graduated from The University of Sheffield in the United Kingdom with an honors degree in accounting, financial management and economics. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales. Prior to joining the Group in 2003, Mr. Chan served as senior corporate auditor responsible for the Asia Pacific region of a company listed on the New York Stock Exchange for approximately three years. Mr. Chan had also held office in an international accounting firm and the Stock Exchange for a total of approximately eight years before joining the Group.

Ms. CHONG Suet Ming Alison, aged 35, joined the Company in January 2008 as the Finance Manager and was appointed as the Company Secretary in January 2012. Ms. Chong holds a bachelor's degree in Accounting from Macquarie University in Australia and is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Ms. Chong has over 10 years of experience in accounting, finance, compliance and auditing in Hong Kong and the PRC. Prior to joining the Company, Ms. Chong has served in an international accounting firm.

Mr. YANG Jin Fa, aged 39, joined the Group in 1999. Mr. Yang is a Vice President and the General Affairs Vice President of the strategic planning department of the Group. Mr. Yang is primarily responsible for strategic planning, corporate planning and promotion, management of production and product sales of the Group. Mr. Yang graduated from Fujian Agricultural University (majoring in economics and management) and is a Senior Economist. He has extensive experience in policy planning, media management, marketing, and production base management.

Mr. WANG Zhi Qun, aged 59, joined the Group in February 2000. Mr. Wang is a Vice President of the Group. Mr. Wang is primarily responsible for the management of the administration and logistics matters of the Group. Mr. Wang graduated from San Ming Teachers School, and received local and overseas senior managerial training. Prior to joining the Group, he was a senior executive of state-owned enterprise and has over 27 years of extensive experience in integrated corporate management.

Mr. ZHANG Chang Man, aged 37, joined the Group in 2000. Mr. Zhang is a Vice President of the Group. Mr. Zhang is primarily responsible for the consolidated finance management of the Group. Mr. Zhang graduated from Fuzhou University (majoring in accounting), and is qualified as an Intermediate Accountant. Prior to joining the Group, he had worked in Taiwanese-invested enterprise and gained practical experience in accounting. Mr. Zhang has over 13 years of extensive accounting experience in the PRC.

Profiles of Directors and Senior Executives

Mr. David Alfred SEALEY III, aged 51, joined the Group in August 2004. Mr. Sealey is the Deputy Chief Operation Officer. Mr. Sealey is primarily responsible for business development of the Group in the international trade markets. He graduated from University of Kentucky in the USA with a bachelor's degree in marketing. Prior to joining the Group, Mr. Sealey worked in various companies in the USA and Japan, and was responsible for corporate operation, product planning and quality control and marketing. He has extensive experience in corporate operation and management.

Mr. HE Can De, aged 51, joined the Group in 2000. Mr. He is an assistant to the CEO. He is responsible for assisting the CEO in production, planning and management of the production bases of the Group in addition to relevant projects. Mr. He graduated from Fujian Zhang Zhou Health and Hygiene School. Mr. He has extensive experience in the management of production bases, construction and planning of investment projects, product development and sales.

Mr. WANG Jing Hai, aged 64, joined the Group in 2000. Mr. Wang is the head of the Internal Audit Department of the Group. He is responsible for internal auditing and internal control of the Group. Mr. Wang graduated from Shanghai East China Normal University with a bachelor's degree in accounting and economics. Prior to joining the Group, he worked in a large state-owned enterprise in Shanghai and an American wholly-owned foreign enterprise, and was responsible for corporate management, internal control and auditing. Mr. Wang has over 35 years of experience in management and internal auditing.

Mr. WANG Long Wang, aged 50, joined the Group in 2000. Mr. Wang is the head of the Production Base Department and General Manager of the Trading Department of the Group. He is primarily responsible for production management, technology research, demonstration and promotion work, as well as coordinates planning in product sales and marketing management of the production bases. Mr. Wang graduated from the College of Horticulture, Nanjing Agricultural University with a bachelor's degree in agriculture in 1985. Prior to joining the Group, he worked in the Vegetables Office of Fujian Province, Fuzhou Institute of Vegetable Science and was responsible for the management, research and development of vegetable production. He has also been to Thailand, Jamaica and other countries for further studies and work, and has over 25 years of experience in the agricultural industry.

Directors' Report

The directors present their report and the audited consolidated financial statements of the Group for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and, through its subsidiaries, growing and selling agricultural produce. An analysis of the Group's turnover for the financial year ended 30 June 2014 is set out in note 5 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

A list of its principal subsidiaries together with their places of incorporation, principal activities and places of operation, particulars of their issued/registered and paid-up capital is set out in note 39 to the consolidated financial statements.

FINANCIAL RESULTS

The loss of the Group for the financial year ended 30 June 2014 and the state of affairs of the Company and of the Group at that date are set out on pages 35 to 101.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 102.

DIVIDENDS

The directors do not recommend the payment of dividend for the financial year ended 30 June 2014 (2013: Nil).

RESERVES

Movements in reserves of the Company and the Group during the financial year under review are set out in note 36 to the consolidated financial statements and in the consolidated statement of changes in equity. The reserves of the Company available for distribution to shareholders as at 30 June 2014 amounted to RMB4,876,589,000 (2013: RMB4,859,623,000).

DONATIONS

Donations made by the Group during the financial year under review amounted to approximately RMB500,000.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the financial year under review are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

The Company did not issue any new shares during the financial year under review. Details of the share capital of the Company are shown in note 34 to the consolidated financial statements.

Directors' Report

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

During the financial year under review and up to the date of this report, the directors of the Company were:

Executive Directors	Mr. Kwok Ho *(Chairman)*	Mr. Kuang Qiao
	Dr. Li Yan	Mr. Chen Jun Hua
	Ms. Huang Xie Ying	Mr. Chan Chi Po Andy (retired on 30 December 2014)
Non-executive Director	Mr. Ip Chi Ming	
Independent Non-executive Directors	Mr. Fung Chi Kin	Professor Lin Shun Quan
	Mr. Tam Ching Ho	Mr. Chan Yik Pun (appointed on 5 January 2015)
	Ms. Luan Yue Wen (retired on 30 December 2013)	

Particulars of the directors' remuneration during the financial year under review are set out in note 14 to the consolidated financial statements.

Article 116A of the Company's Articles of Association provides that every director shall retire from office at an annual general meeting by rotation at least once for every three consecutive annual general meetings. In accordance therewith, Mr. Chan Chi Po Andy retired from office at the 2014 AGM but he continues to serve as the Chief Financial Officer of the Company.

No retiring directors proposed for re-election at the 2014 AGM has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Report

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2014 and as at the date of this report, the interests and short position 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 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 as set out in the Listing Rules were as follows:

Long positions in shares of the Company

As at 30 June 2014

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 (retired on 30 December 2014)	Personal interests	103,528	103,528	0.00%

As at the date of this report

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

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

Directors' Report

Long positions in underlying shares of the Company

As at 30 June 2014

Name of directors	Grant date	Exercisable period Starting		Exercisable period Ending	Exercise price HK$	Number of share options: Balance as at 01/07/2013	Number of share options: Lapsed during the financial year under review	Number of share options: Balance as at 30/06/2014
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 (retired on 30 December 2014)	24/10/2008 26/11/2010	24/10/2008 26/11/2010	to to	23/10/2018 25/11/2020	3.846 6.430	2,120,000 3,000,000	– –	2,120,000 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)	–

As at the date of this report

Name of directors	Grant date	Exercisable period Starting		Exercisable period Ending	Exercise price HK$	Balance of share options as at 01/07/2014 and 30/01/2015
Dr. Li Yan	26/11/2010	26/11/2010	to	25/11/2020	6.430	500,000
Ms. Huang Xie Ying	26/11/2010	26/11/2010	to	25/11/2020	6.430	2,000,000
Mr. Kuang Qiao	26/11/2010	26/11/2010	to	25/11/2020	6.430	2,000,000
Mr. Chen Jun Hua	26/11/2010	26/11/2010	to	25/11/2020	6.430	2,000,000
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to	25/11/2020	6.430	2,000,000
Mr. Fung Chi Kin	26/11/2010	26/11/2010	to	25/11/2020	6.430	750,000
Mr. Tam Ching Ho	26/11/2010	26/11/2010	to	25/11/2020	6.430	750,000

Directors' Report

Save as disclosed above, as at 30 June 2014 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 year under review, the Company, or any of its subsidiaries was a party to any arrangement to enable the directors of the Company, their respective spouses or children under 18 years of age, to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

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 of the Company, were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company:

As at 30 June 2014

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	213,798,246	213,798,246	6.49%
Robeco Groep N.V.	Interest of corporation controlled by the substantial shareholder	Long	201,031,513	201,031,513	6.11%
UBS AG (Note 4)	Beneficial owner	Long	43,064,820	194,136,164	5.90%
	Person having a security interest in shares	Long	93,961,413		
	Interest of corporation controlled by the substantial shareholder	Long	57,109,931		
	Beneficial owner	Short	39,911,375	96,142,237	2.92%
	Interest of corporation controlled by the substantial shareholder	Short	56,230,862		

Directors' Report

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).

4. Among the aggregate interests of UBS AG in the Company, 15,000 shares (long position) were held through physically settled derivatives (on exchange) and 1,007,000 shares (long position) were held through cash settled derivatives (off 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%
Robeco Groep N.V.	Interest of corporation controlled by the substantial shareholder	Long	192,431,513	192,431,513	5.85%

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).

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required under the Listing Rules during the financial year ended 30 June 2014 and up to the date of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There was no 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 financial year under review or at any time during the financial year under review, and in which the directors and any entities connected with the directors had direct or indirect material interest, nor there was 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' INTERESTS IN COMPETING BUSINESS

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

CONNECTED TRANSACTIONS

None of the "Related Party Transactions" as disclosed in Note 38 to the consolidated financial statements for the financial year under review constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

SHARE OPTION SCHEME

The principal terms of the Company's share option scheme (the "Scheme") are summarised as below.

Purpose

The purpose of the Scheme is to enable the Board to provide incentive or reward to selected participants for their contribution and continuing efforts to promote the interests of the Company.

Participants

A Category A Participant refers any director (whether executive or non-executive, including any independent non-executive director), or employee (whether full time or part time) of, or any individual for the time being seconded to work for, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

A Category B Participant refers to any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

A Category C Participant refers to (i) any business or joint venture partner, contractor or agent of, (ii) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to, (iii) any supplier, producer or licensor of any goods or services to, (iv) any customer, licensee or distributor of any goods or services of, or (v) any landlord or tenant of, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

Directors' Report

The participants shall include any company controlled by one or more persons belonging to any of the above categories of participants.

Maximum Entitlement

Without the approval of the shareholders of the Company in general meeting, the Board shall not grant options to a participant which would cause the aggregate number of shares already issued and to be issued upon exercise of options in any 12-month period up to the date of grant exceeding 1% of the shares in issue. In the event of a substantial shareholder of the Company or an independent non-executive director or any of their respective associates, any such grant is limited to 0.1% of the shares in issue and an aggregate value of HK$5 million basing on the closing price of the shares at the date of grant.

Basis of determining exercise price

The option price is determined by the directors provided always that it shall be at least the higher of (i) the closing price of the shares on the offer date, (ii) the average closing price of the shares for the five business days immediately preceding the offer date. The option price shall in no event be less than the nominal amount of one share.

Remaining life of the Scheme

The Scheme was expired on 18 June 2012.

Other terms

The share options granted under the Scheme can be exercised during a period commencing on or after the date of the grant and expiring on such date as the Board may determine in granting the share options but in any event not exceeding ten years from the date of grant. There is no general requirement that a share option must be held for any minimum period before it can be exercised. A consideration of HK$1 is payable upon accepting the offer of the grant. To exercise a share option, the participant has to, inter alia, tender the payment of the subscription price representing an amount equal to the option price multiplied by the relevant number of shares exercised under the option in full.

Number of shares available for issue

A scheme mandate representing 10% of the then issued share capital of the Company was approved at the time when the Scheme was adopted ("the Scheme Mandate"). The Scheme Mandate was refreshed pursuant to a resolution of the shareholders of the Company passed on 14 February 2006. As at 30 June 2014, 99,351,428 share options granted under the Scheme remained unexercised and outstanding, which represents approximately 3.02% of the issued share capital of the Company as at 30 June 2014 and as at the date of this report.

Share options granted were recognised as expenses of the Company in accordance with the accounting policy as set out in note 2.15(ii) to the consolidated financial statements. The determination of the fair value of the share options is also set out in note 35 to the consolidated financial statements.

Directors' Report

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

						Number of share options		
		Exercisable period						
Category of participants	Grant date	Starting		Ending	Exercise price HK$	Balance as at 01/07/2013	Lapsed during the financial year under review	Balance as at 30/06/2014
Directors (Note 1)						15,870,000	(750,000)	15,120,000
Employees	01/11/2005	01/11/2007	to	31/10/2015	2.802	75,816	–	75,816
in aggregate	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	358,020	–	358,020
	31/08/2006	01/04/2008	to	30/08/2016	3.837	463,320	–	463,320
	31/08/2006	01/04/2009	to	30/08/2016	3.837	463,320	–	463,320
	31/08/2006	01/04/2010	to	30/08/2016	3.837	689,150	–	689,150
	31/08/2006	01/04/2011	to	30/08/2016	3.837	22,929,180	(673,920)	22,255,260
	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	125,170	–	125,170
	24/10/2008	24/10/2010	to	23/10/2018	3.846	540,800	–	540,800
	24/10/2008	24/10/2011	to	23/10/2018	3.846	540,800	–	540,800
	24/10/2008	24/10/2012	to	23/10/2018	3.846	540,800	–	540,800
	26/11/2010	26/11/2010	to	25/11/2020	6.430	53,700,000	–	53,700,000
	26/11/2010	26/11/2011	to	25/11/2020	6.430	500,000	–	500,000
	26/11/2010	26/11/2012	to	25/11/2020	6.430	500,000	–	500,000
	26/11/2010	26/11/2013	to	25/11/2020	6.430	500,000	–	500,000
Other Participants	31/08/2006	01/04/2010	to	30/08/2016	3.837	185,700	–	185,700
in aggregate	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
Total						100,775,348	(1,423,920)	99,351,428

Notes:

1. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' Interests in Securities".

2. No share options have been granted, exercised or cancelled during the financial year ended 30 June 2014.

Directors' Report

RETIREMENT BENEFITS

Particulars of the Group's retirement benefits are set out in notes 2.15(i) and 9(b) to the consolidated financial statements.

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 financial year under review.

MAJOR SUPPLIERS AND CUSTOMERS

During the financial year under review, the percentage of the total purchases and sales attributable to the Group's major suppliers and customers were as follows:

	Percentage of total purchases
The largest supplier	9%
Five largest suppliers in aggregate	33%

	Percentage of total sales
The largest customer	13%
Five largest customers in aggregate	33%

None of the directors of the Company or their respective associates or any shareholder (who to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers of the Group.

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 9 to 17 of this annual report.

Directors' Report

AUDITORS

Due to a merger of the practices of Grant Thornton with that of BDO Limited ("BDO"), Grant Thornton resigned as auditors of the Company and BDO was appointed as auditors of the Company with effect from 2 December 2010.

On 26 April 2012, BDO resigned their position as auditors of the Company. Crowe Horwath was appointed as the auditors of the Company on 1 February 2013.

Following the resignation of Crowe Horwath on 30 July 2014, Elite Partners has been engaged to act as the auditors of the Company, whose appointment was to take effect on 18 August 2014. A resolution for re-appointing Elite Partners as auditors of the Company was proposed to, and approved by the shareholders at the 2014 AGM.

The financial statements for the financial year ended 30 June 2014 have been audited by Elite Partners.

On behalf of the Board

Kwok Ho
Chairman

Hong Kong, 30 January 2015

Independent Auditors' Report

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

TO THE SHAREHOLDERS OF
CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 101, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITORS' 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 our agreed terms of engagement, 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditors consider 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.

Independent Auditors' Report *(continued)*

BASIS OF QUALIFIED OPINION

The auditors' report on the consolidated financial statements of the Group for the year ended 30 June 2013 contained a qualification on the possible effect of the limitation of scope in relation to the physical counting and inspection of the Group's property, plant and equipment, construction-in-progress, biological assets and inventories. Any adjustments found to be necessary in respect of the prior year's qualification would have an effect on the opening balances and consequential effect on the consolidated financial position of the Group as at 30 June 2014 and the results and cash flows for the year ended 30 June 2014.

QUALIFIED OPINION ARISING FROM LIMITATION OF SCOPE

In our opinion, except for the possible effects of the matters described in the paragraph headed "Basis of Qualified Opinion" above, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 30 January 2015

Yip Kai Yin
Practising Certificate Number: P05131

Suites 2B – 4A, 20th Floor, Tower 5
China Hong Kong City, 33 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	**2014 RMB'000**	2013 RMB'000
Turnover	5	**1,459,321**	2,281,882
Cost of sales		**(1,730,580)**	(2,422,787)
Gross loss		**(271,259)**	(140,905)
Other revenues	6	**64,571**	69,889
Gain arising from changes in fair value less costs to sell of biological assets	20	**263,369**	363,758
Selling and distribution expenses		**(266,708)**	(471,425)
General and administrative expenses		**(145,429)**	(176,970)
Research expenses		**(11,743)**	(28,559)
Other operating expenses	8	**(1,511,722)**	(2,757,222)
Loss from operations		**(1,878,921)**	(3,141,434)
Finance costs	9(a)	**(839)**	(369)
Share of results of associates		**944**	686
Impairment loss on available-for-sale investments	21	**(60,094)**	(77,826)
Loss before income tax	9	**(1,938,910)**	(3,218,943)
Income tax expense	10	**(756)**	(1,081)
Loss for the year		**(1,939,666)**	(3,220,024)
Other comprehensive income/(expense), including reclassification adjustments and net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		**2,091**	(26,110)
Change in fair value of available-for-sale investments	21	**(60,094)**	(92,038)
Release upon impairment of available-for-sale investments	21	**60,094**	77,826
Other comprehensive income/(expense) for the year, including reclassification adjustments and net of income tax		**2,091**	(40,322)
Total comprehensive expense for the year		**(1,937,575)**	(3,260,346)

Consolidated Statement of Profit or Loss and Other Comprehensive Income *(continued)*

For the year ended 30 June 2014

	Notes	**2014 RMB'000**	2013 RMB'000
Loss for the year attributable to:			
Owners of the Company	11	**(1,940,728)**	(3,220,015)
Non-controlling interests		**1,062**	(9)
		(1,939,666)	(3,220,024)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,939,019)**	(3,256,522)
Non-controlling interests		**1,444**	(3,824)
		(1,937,575)	(3,260,346)
Loss per share for loss attributable to the owners of the Company during the year			
— Basic	13(a)	**RMB(0.59)**	RMB(0.98)
— Diluted	13(b)	**RMB(0.59)**	RMB(0.98)

Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	2014 RMB'000	2013 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**5,831,067**	6,678,361
Investment properties	17	**59,078**	—
Construction-in-progress	18	**607**	53,832
Prepaid premium for land leases	19	**4,508,700**	5,244,703
Biological assets	20	**2,234,252**	2,246,750
Available-for-sale investments	21	**104,220**	161,025
Deferred development costs	22	**460**	4,460
Deferred expenditure	23	**370,068**	437,191
Intangible assets	24	**467,700**	466,141
Interests in associates	26	**11,667**	8,955
		13,587,819	15,301,418
Current assets			
Prepaid premium for land leases	19	**133,220**	140,262
Biological assets	20	**494,260**	360,954
Inventories	27	**39,742**	39,433
Trade receivables	28	**39,979**	39,172
Other receivables, deposits and prepayments		**890,144**	1,183,450
Cash and cash equivalents	29	**432,321**	371,419
		2,029,666	2,134,690
Current liabilities			
Trade payables	30	**14,316**	11,501
Other payables and accruals		**294,657**	208,076
Bank loans	32	**29,404**	—
		338,377	219,577
Net current assets		**1,691,289**	1,915,113
Total assets less current liabilities		**15,279,108**	17,216,531
Non-current liabilities			
Deferred tax liabilities	33	**20,655**	20,655
Net assets		**15,258,453**	17,195,876

Consolidated Statement of Financial Position *(continued)*

As at 30 June 2014

	Notes	**2014 RMB'000**	2013 RMB'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital	34	**332,787**	332,787
Reserves	36	**14,784,670**	16,723,537
		15,117,457	17,056,324
Non-controlling interests	40	**140,996**	139,552
Total equity		**15,258,453**	17,195,876

The consolidated financial statements on pages 35 to 101 were approved and authorised for issue by the Board of Directors on 30 January 2015 and are signed on its behalf by:

Kwok Ho
Director

Ip Chi Ming
Director

Statement of Financial Position

As at 30 June 2014

	Notes	2014 RMB'000	2013 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**53**	54
Interests in subsidiaries	25	**4,797,099**	4,778,853
		4,797,152	4,778,907
Current assets			
Other receivables, deposits and prepayments		**862**	914
Cash and cash equivalents	29	**21,085**	51,735
		21,947	52,649
Current liabilities			
Amounts due to subsidiaries	31	**662,862**	660,573
Other payables and accruals		**13,991**	16,754
		676,853	677,327
Net current liabilities		**(654,906)**	(624,678)
Net assets		**4,142,246**	4,154,229
EQUITY			
Share capital	34	**332,787**	332,787
Reserves	36	**3,809,459**	3,821,442
Total equity		**4,142,246**	4,154,229

The consolidated financial statements on pages 35 to 101 were approved and authorised for issue by the Board of Directors on 30 January 2015 and are signed on its behalf by:

Kwok Ho
Director

Ip Chi Ming
Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 RMB'000	2013 RMB'000
Cash flows from operating activities		
Loss before income tax	**(1,938,910)**	(3,218,943)
Adjustments for:		
Finance costs	**839**	369
Share of results of associates	**(944)**	(686)
Interest income	**(6,029)**	(4,940)
Dividend income from available-for-sale investments	**(2,880)**	(12,660)
Depreciation of property, plant and equipment	**626,262**	717,858
Depreciation of investment properties	**797**	—
Amortisation of prepaid premium for land leases	**98,620**	115,690
Loss on disposals of property, plant and equipment	**198,560**	1,433,643
Loss on early termination of land leases	**110,717**	51,660
Deferred expenditure written off	**22,341**	24,977
Biological assets written off	**292,735**	183,464
Agricultural produce written off	**247,388**	554,930
Impairment loss on available-for-sale investments	**60,094**	77,826
Amortisation of deferred development costs	**4,000**	4,580
Amortisation of deferred expenditure	**138,620**	166,118
Gain arising from changes in fair value less costs to sell of biological assets	**(263,369)**	(363,758)
Employee share option benefits	**152**	589
Operating loss before working capital changes	**(411,007)**	(269,283)
Decrease in trade receivables, other receivables, deposits and prepayments	**483,480**	136,197
Increase in biological assets	**(123,322)**	(342,672)
(Increase)/Decrease in inventories	**(309)**	15,230
Increase in trade payables, other payables and accruals	**95,463**	84,623
Cash generated from/(used in) operations	**44,305**	(375,905)
Interest received	**6,029**	4,940
Finance costs paid	**(839)**	(369)
Dividends income from available-for-sale investments received	**—**	3,699
Income tax paid	**(37)**	(166)
Net cash generated from/(used in) operating activities	**49,458**	(367,801)

Consolidated Statement of Cash Flows *(continued)*

For the year ended 30 June 2014

	2014 RMB'000	2013 RMB'000
Cash flows from investing activities		
Purchases of property, plant and equipment	**(253,792)**	(216,581)
Proceeds from disposals of property, plant and equipment	**16,660**	105,306
Payments of construction-in-progress	**(26,286)**	(32,731)
Investment in an associate	**(2,871)**	—
Dividend received from an associate	**894**	—
Refunds of prepaid premium of land leases	**348,250**	423,187
Payments of deferred expenditure	**(101,085)**	(57,098)
Decrease in short-term bank deposits not mature within three months	**—**	15,000
Net cash (used in)/generated from investing activities	**(18,230)**	237,083
Cash flows from financing activities		
New bank loans	**34,404**	—
Repayments of bank loans	**(5,000)**	—
Net cash generated from financing activities	**29,404**	—
Net increase/(decrease) in cash and cash equivalents	**60,632**	(130,718)
Cash and cash equivalents at beginning of the year	**371,419**	505,166
Effect of foreign exchange rate changes, net	**270**	(3,029)
Cash and cash equivalents at end of the year *(Note 29)*	**432,321**	371,419

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	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	Call option reserve RMB'000	Exchange reserve RMB'000	Investment revaluation reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2012	332,787	5,968,860	94,894	265,703	5,247	40,278	(212,654)	15,041	687,162	13,114,939	20,312,257	143,376	20,455,633
Employee share option benefits	—	—	—	589	—	—	—	—	—	—	589	—	589
Transactions with owners	—	—	—	589	—	—	—	—	—	—	589	—	589
Loss for the year	—	—	—	—	—	—	—	—	—	(3,220,015)	(3,220,015)	(9)	(3,220,024)
Other comprehensive (expense)/income													
— Currency translation differences	—	—	—	—	—	—	(22,295)	—	—	—	(22,295)	(3,815)	(26,110)
— Change in fair value of available-for-sale investments	—	—	—	—	—	—	—	(92,038)	—	—	(92,038)	—	(92,038)
— Release upon impairment of available-for-sale investments	—	—	—	—	—	—	829	76,997	—	—	77,826	—	77,826
Total comprehensive expense for the year	—	—	—	—	—	—	(21,466)	(15,041)	—	(3,220,015)	(3,256,522)	(3,824)	(3,260,346)
Lapse of share options	—	—	—	(45,966)	—	—	—	—	—	45,966	—	—	—
Appropriations	—	—	—	—	—	—	—	—	470	(470)	—	—	—
At 30 June 2013	332,787	5,968,860	94,894	220,326	5,247	40,278	(234,120)	—	687,632	9,940,420	17,056,324	139,552	17,195,876

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 30 June 2014

	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	Call option reserve RMB'000	Exchange reserve RMB'000	Investment revaluation reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 July 2013	332,787	5,968,860	94,894	220,326	5,247	40,278	(234,120)	—	687,632	9,940,420	17,056,324	139,552	17,195,876
Employee share option benefits	—	—	—	152	—	—	—	—	—	—	152	—	152
Transactions with owners	—	—	—	152	—	—	—	—	—	—	152	—	152
Loss for the year	—	—	—	—	—	—	—	—	—	(1,940,728)	(1,940,728)	1,062	(1,939,666)
Other comprehensive income/(expense)													
— Currency translation differences	—	—	—	—	—	—	1,709	—	—	—	1,709	382	2,091
— Change in fair value of available-for-sale investments	—	—	—	—	—	—	—	(60,094)	—	—	(60,094)	—	(60,094)
— Release upon impairment of available-for-sale investments	—	—	—	—	—	—	—	60,094	—	—	60,094	—	60,094
Total comprehensive income/(expense) for the year	—	—	—	—	—	—	1,709	—	—	(1,940,728)	(1,939,019)	1,444	(1,937,575)
Lapse of call options	—	—	—	—	—	(40,278)	—	—	—	40,278	—	—	—
Lapse of share options	—	—	—	(2,660)	—	—	—	—	—	2,660	—	—	—
Appropriation	—	—	—	—	—	—	—	—	427	(427)	—	—	—
At 30 June 2014	**332,787**	**5,968,860**	**94,894**	**217,818**	**5,247**	**—**	**(232,411)**	**—**	**688,059**	**8,042,203**	**15,117,457**	**140,996**	**15,258,453**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. GENERAL INFORMATION

Chaoda Modern Agriculture (Holdings) Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 December 2000. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in Note 39. The Company and its subsidiaries are referred to as the "Group" hereafter. There were no significant changes in the Group's operations during the year.

The consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared under historical cost convention except for certain assets such as biological assets and financial instruments classified as available-for-sale investments which are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

2.3 Subsidiaries and non-controlling interests

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, transactions and cash flows 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 interests represent 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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

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

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Subsidiaries and non-controlling interests *(continued)*

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 interests 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. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2.19) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2.4).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2.9).

2.4 Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2.9). Any acquisition-date excess over cost, the Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the year are recognised in the Group's profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the Group's other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2.19).

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated using straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Leasehold improvements	2 to 10 years or over the lease term whichever is the shorter
Buildings	33 to 50 years or over the lease term whichever is the shorter
Furniture, fixture and equipment	5 to 20 years
Motor vehicles	5 years
Farmland infrastructure	5 to 20 years
Computer equipment	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on 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 asset and is recognised in profit or loss.

2.6 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2.7) to earn rental income and/or for capital appreciation.

Investment properties are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Any gain or loss arising from the retirement or disposal of an investment property is recognised in profit or loss.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is not classified and accounted for as an investment property.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Leases

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) Prepaid premium for land leases

Prepaid premium for land leases include long-term prepaid rentals under operating leases and land use rights. These are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on straight-line method over the period of the respective leases.

Cost of land use rights represents up-front payments to acquire the rights to use the land on which various warehouses, office premises and processing factories of the Group are situated.

(ii) Operating leases charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the financial year in which they are incurred.

2.8 Intangible assets and research and development activities

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Research and development activities

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets and research and development activities *(continued)*

(ii) Research and development activities *(continued)*

- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Biological assets

Biological assets are living animals and/or plants managed by the Group which is involved in the agricultural activities of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. Biological assets are measured at fair value less costs to sell at initial recognition and at each reporting date. The fair value of biological assets is determined based on either the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate or the market-determined prices with reference to cultivation areas, species, growing conditions, growing progress and expected yield of the crops.

The agricultural produce is initially measured at fair value less costs to sell. The fair value of agricultural produce is measured at the market prices in the local market. The fair value less costs to sell is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on initial recognition of biological asset at fair value less costs to sell and from a change in fair value less costs to sell is recognised in profit or loss for the financial year in which it arises.

2.11 Deferred expenditure

Deferred expenditure is stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to profit or loss on straight-line method over the period of three to ten years.

2.12 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for the sale of goods and rendering of services, net of rebates and discounts. 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 as follows:

(i) Sales of crops, livestock and milk are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed;

(ii) Interest income is recognised on a time-proportion basis using the effective interest method;

(iii) Agency income is recognised when the agreed services are rendered; and

(iv) Dividend income is recognised when the right to receive payments is established.

2.14 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Foreign currencies *(continued)*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interests in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the exchange reserve.

2.15 Employee benefits

(i) Retirement benefit obligations

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's subsidiaries which operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(ii) Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Employee benefits *(continued)*

(ii) Share-based employee compensation *(continued)*

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to employee share-based compensation reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the vested share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

2.16 Inventories

The Group's inventories, comprising agricultural materials and merchandise purchased for resale, are carried at the lower of cost and net realisable value.

Costs of agricultural materials and merchandise purchased for resale are stated at their purchase costs calculated on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash at banks and on hand, demand deposits with banks and other financial institutions, 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.

2.18 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Other than investments in subsidiaries and associates, the Group's financial assets are classified into (i) loans and receivables and (ii) available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit and loss.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Financial instruments *(continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are reversed against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Financial instruments *(continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accruals and bank loans are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

2.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Accounting for income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.22 Segment reporting

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.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 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 of the Company'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 ventures of the same third entity;

(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 the employees of the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(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 dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, 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 consolidated financial statements for the annual period beginning on 1 July 2013:

HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

Except as explained below, the application of the new HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements:

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the presentation of consolidated financial statements and HK(SIC) Interpretation 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. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. 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.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

3. APPLICATION OF NEW AND REVISED HKFRSs *(continued)*

At the date of authorisation of the consolidated financial statements, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company (the "Directors") anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 9 — Financial instruments

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2018 and introduces a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

3. APPLICATION OF NEW AND REVISED HKFRSs *(continued)*

HKFRS 9 — Financial instruments *(continued)*

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

The Directors expect that the implementation of HKFRS 9 in the future will affect the classification and measurement in respect of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 16 and HKAS 41 (Amendments) — Bearer plants

The amendments are effective for the accounting periods beginning on or after 1 January 2016. The amendments introduce the definition of bearer plants and extend the scope of HKAS 16 to include bearer plants, and explicitly exclude bearer plants from the scope of HKAS 41. The produce on bearer plants remains within the scope of HKAS 41. Prior to the amendments, the accounting for bearer plants was within the scope of HKAS 41, which requires all biological assets to be measured at fair value less costs to sell (except for rare cases in which the presumption that fair value can be measured reliably is rebutted). The measurement principle of fair value for biological assets is based on the premise that the transformation of biological assets is best reflected by fair value measurement. The amendments enable entities to account for bearer plants in accordance with HKAS 16, using either the cost model or the revaluation model. Before bearer plants are able to bear agricultural produce (i.e. before maturity), they are accounted for as self-constructed items of property, plant and equipment. The agricultural produce of the bearer plant remains within the scope of HKAS 41 and is therefore accounted for at fair value. The Directors are currently assessing the possible impact of the amendments on the Group's results and financial position in the first year of application.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(i) Depreciation and amortisation

The Group depreciates its property, plant and equipment and investment properties, and amortises its prepaid premium for land leases, intangible assets, deferred development costs and deferred expenditure in accordance with the accounting policies stated in Note 2.5, Note 2.6, Note 2.7(i), Note 2.8(i), Note 2.8(ii) and Note 2.11 respectively. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives and if the expectation differs from the original estimates, such a difference may impact the depreciation and amortisation in the year and the estimate will be changed in the future period.

(ii) Estimated impairment loss on property, plant and equipment

The impairment loss for property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. As at 30 June 2014, the carrying amount of the property, plant and equipment was approximately RMB5,831,067,000 (2013: RMB6,678,361,000). During the years ended 30 June 2014 and 2013, no impairment loss was recognised on property, plant and equipment.

(iii) Impairment of other non-financial assets

The Group assesses whether there are any indicators of impairment for all other non-financial assets, including investment properties, prepaid premium for land leases, deferred development costs and deferred expenditure, at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the assets or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. As at 30 June 2014, the carrying amount of investment properties, prepaid premium for land leases, deferred development costs and deferred expenditure was approximately RMB59,078,000, RMB4,641,920,000, RMB460,000 and RMB370,068,000 (2013: Nil, RMB5,384,965,000, RMB4,460,000 and RMB437,191,000) respectively. During the years ended 30 June 2014 and 2013, no impairment loss was recognised on other non-financial assets.

(iv) Initial recognition and impairment of intangible asset

Determining the initial fair value of intangible asset and using the value-in-use approach to determine whether intangible asset is impaired requires the Group to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2014, the carrying amount of intangible assets is RMB467,700,000 (2013: RMB466,141,000). During the years ended 30 June 2014 and 2013, no impairment loss was recognised.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(v) Impairment of trade receivables, other receivables, deposits and prepayments

The Group estimates impairment loss on trade receivables, resulting from the inability of customers or debtors to make the required payments and when there is objective evidence that the Group will not able to collect full amounts due. These estimates were based on the payment history, customers or debtors' creditworthiness, historical write off experience and default or delinquency in payments. If the financial condition of the customers or debtors were to deteriorate, actual write off would be higher than estimated. As at 30 June 2014, the carrying amount of the trade receivables were approximately RMB39,979,000 (2013: RMB39,172,000), net of allowance for doubtful debts of approximately RMB6,560,000 (2013: RMB6,560,000). During the years ended 30 June 2014 and 2013, no impairment loss in respect of trade receivables was recognised in profit or loss.

(vi) Fair value of biological assets

The Group's biological assets are stated at fair value less costs to sell on initial recognition and at the end of each reporting period. The management of the Company determines the fair values less costs to sell with reference to the market-determined prices, cultivation area, species, growing conditions, growing progress, expected yield of the crops and discount rates and/or the professional valuation. Any change in the estimates may affect the fair value of the biological assets significantly. The management reviews the assumptions and estimates periodically to identify any significant change in the fair value of the biological assets. The carrying amounts of the Group's biological assets as at 30 June 2014 were approximately RMB2,728,512,000 (2013: RMB2,607,704,000).

(vii) Provision for income tax

The Company's operating subsidiaries in the PRC are subject to income taxes in the PRC. Determining income tax provisions involves the exercise of significant judgement on interpretation of the relevant tax rules and regulations. There may have transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. The amount of income tax and therefore, profit or loss could be affected by any interpretations and clarifications which the tax authority may issue from time to time.

5. TURNOVER

The principal activities of the Group are the growing and sales of crops, and the 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 year is as follows:

	2014 **RMB'000**	2013 RMB'000
Sales of crops	**1,442,490**	2,247,247
Sales of livestock	**16,831**	34,635
	1,459,321	2,281,882

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

6. OTHER REVENUES

	2014 RMB'000	2013 RMB'000
Interest income	**6,029**	4,940
Dividend income from available-for-sale investments	**2,880**	12,660
Agency fee income	**544**	369
Sales of milk	**44,717**	37,433
Sundry income	**10,401**	14,487
	64,571	69,889

7. 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 PRC market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets for both years ended 30 June 2014 and 2013 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.

There is no single customer contributing over 10% of total revenue of the Group for the years ended 30 June 2014 and 2013.

8. OTHER OPERATING EXPENSES

	2014 RMB'000	2013 RMB'000
Expenses incurred for fallow farmlands	**383,550**	386,635
Natural crop losses	**189,642**	95,168
Natural livestock losses	**231**	2,234
Agricultural produce written off	**247,388**	554,930
Loss on disposals of property, plant and equipment	**198,560**	1,433,643
Biological assets written off	**292,735**	183,464
Loss on early termination of land leases	**110,717**	51,660
Deferred expenditure written off	**22,341**	24,977
Plantation costs for windbreaks	**21,822**	147
Others	**44,736**	24,364
	1,511,722	2,757,222

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2014	2013
	RMB'000	RMB'000
Bank and finance charges	**160**	369
Interest on bank loans wholly repayable within five years	**679**	—
	839	369

(b) Staff costs (including directors' remuneration — Note 14)

	2014	2013
	RMB'000	RMB'000
Salaries, wages and other benefits	**618,827**	901,734
Employee share option benefits	**152**	589
Retirement benefit costs	**5,174**	5,377
	624,153	907,700

(c) Other items

	2014	2013
	RMB'000	RMB'000
Auditors' remuneration	**2,377**	1,608
Amortisation of deferred development costs	**4,000**	4,580
Amortisation of prepaid premium for land leases, net of amount capitalised	**98,620**	115,690
Amortisation of deferred expenditure, net of amount capitalised	**138,620**	166,118
Cost of inventories sold	**1,730,580**	2,422,787
Depreciation of property, plant and equipment, net of amount capitalised	**626,262**	717,858
Depreciation of investment properties	**797**	—
Operating lease expense in respect of land and buildings	**291,156**	225,981

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

10. INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2014 **RMB'000**	2013 RMB'000
Current tax		
— PRC income tax *(Note (a))*	**37**	166
— Hong Kong profits tax *(Note (b))*	**719**	915
	756	1,081

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 Modern 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% (2013: 25%).

(b) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 30 June 2014 and 2013.

Reconciliation between the Group's income tax expense and accounting loss at applicable tax rates are as follows:

	2014 **RMB'000**	2013 RMB'000
Loss before income tax	**(1,938,910)**	(3,218,943)
Notional tax at the rate applicable to losses in the tax jurisdictions concerned	**(477,176)**	(797,741)
Net tax effect of expense and income that are not deductible and taxable in determining taxable profit and tax allowance	**(54,301)**	(81,422)
Tax effect of unrecognised tax losses	**532,588**	881,419
Tax effect of previous years' unrecognised tax losses utilised this year	**(355)**	(14)
Tax effect of profit exempted from income tax as a result of tax benefits	**—**	(1,161)
Income tax expense	**756**	1,081

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

11. LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated loss attributable to the owners of the Company of RMB1,940,728,000 (2013: RMB3,220,015,000), a loss of RMB25,972,000 (2013: RMB25,183,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS

The Directors do not recommend any payment of dividend for the years ended 30 June 2014 and 2013.

13. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of RMB1,940,728,000 (2013: RMB3,220,015,000) and the weighted average number of 3,291,302,000 (2013: 3,291,302,000) ordinary shares in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of RMB1,940,728,000 (2013: RMB3,220,015,000) and the weighted average number of 3,291,302,000 (2013: 3,291,302,000) ordinary shares. The computation of diluted loss per share does not assume the conversion of the Company's share options and call options outstanding since their exercise would result in a decrease in loss per share.

14. DIRECTORS' REMUNERATION

Emoluments paid and payable to the Company's Directors for the year ended 30 June 2014 were as follows:

Name of Directors	Fees RMB'000	Basic salaries and bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors				
Kwok Ho	—	3,050	12	3,062
Chan Chi Po, Andy *(Note (c))*	—	1,418	12	1,430
Chen Jun Hua *(Note (a))*	—	566	12	578
Huang Xie Ying (Wong Hip Ying)	—	412	—	412
Kuang Qiao (Fong Jao)	—	227	—	227
Li Yan (Lee Yan)	—	144	—	144
Non-executive Director				
Ip Chi Ming	—	856	—	856
Independent Non-executive Directors				
Fung Chi Kin	385	—	—	385
Tam Ching Ho	385	—	—	385
Luan Yue Wen *(Note (b))*	128	—	—	128
Lin Shun Quan	66	—	—	66
	964	6,673	36	7,673

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

14. DIRECTORS' REMUNERATION *(continued)*

Emoluments paid and payable to the Company's Directors for the year ended 30 June 2013 were as follows:

Name of Directors	Fees RMB'000	Basic salaries and bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors				
Kwok Ho	—	3,658	12	3,670
Chan Chi Po, Andy *(Note (c))*	—	1,359	12	1,371
Chen Jun Hua *(Note (a))*	—	575	12	587
Huang Xie Ying (Wong Hip Ying)	—	418	—	418
Kuang Qiao (Fong Jao)	—	230	—	230
Li Yan (Lee Yan)	—	146	—	146
Non-executive Director				
Ip Chi Ming	—	868	—	868
Independent Non-executive Directors				
Fung Chi Kin	367	—	—	367
Tam Ching Ho	367	—	—	367
Luan Yue Wen *(Note (b))*	260	—	—	260
Lin Shun Quan	66	—	—	66
	1,060	7,254	36	8,350

None of the Directors waived or has agreed to waive emoluments in respect of the years ended 30 June 2014 and 2013.

During the years ended 30 June 2014 and 2013, no emoluments were paid or payable by the Group to the Directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

Notes:

(a) Due to the poll results of the annual general meeting held on 30 December 2011 ("2011 AGM"), Mr. Chen Jun Hua will retire as the executive director of the Company at the conclusion of the adjourned 2011 AGM to be convened and held by the Company on the date to be separately announced by the Company.

(b) Due to the poll results of the annual general meeting held on 30 December 2013, Ms. Luan Yue Wen retired as the independent non-executive director of the Company on 30 December 2013.

(c) Due to the poll results of the annual general meeting held on 30 December 2014, Mr. Chan Chi Po, Andy, retired as the executive director of the Company on 30 December 2014.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year include three (2013: three) Directors whose emoluments are reflected in the table presented in Note 14 above. The emoluments paid and payable to the remaining two (2013: two) highest paid individuals during the year are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other emoluments	**1,116**	1,177
Retirement benefit scheme contributions	**24**	24
Employee share option benefits	**38**	161
	1,178	1,362

The emoluments of two (2013: two) individuals with the highest emoluments are within the following band:

Emoluments band	**2014 No. of Individuals**	2013 No. of individuals
HK$500,000 to HK$999,999	**2**	2

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements RMB'000	Buildings RMB'000 *(Note (a))*	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure RMB'000 *(Note (b))*	Computer equipment RMB'000	Total RMB'000
Cost							
At 1 July 2012	63,243	120,452	108,434	34,484	11,531,151	22,000	11,879,764
Additions	1,124	—	4,412	1,104	209,941	—	216,581
Transferred from construction-in-progress *(Note 18)*	—	—	—	—	61,014	—	61,014
Disposals	—	—	(12,459)	(4,151)	(2,449,222)	—	(2,465,832)
Exchange realignment	(124)	—	(179)	(452)	(952)	—	(1,707)
At 30 June 2013 and 1 July 2013	64,243	120,452	100,208	30,985	9,351,932	22,000	9,689,820
Additions	90	—	6,133	2,719	244,850	—	253,792
Transferred to investment properties *(Note 17)*	—	(86,554)	—	—	—	—	(86,554)
Transferred from construction-in-progress *(Note 18)*	—	—	45,186	—	34,325	—	79,511
Disposals	—	—	(1,217)	(6,940)	(697,989)	—	(706,146)
Exchange realignment	13	—	(25)	(35)	(248)	—	(295)
At 30 June 2014	**64,346**	**33,898**	**150,285**	**26,729**	**8,932,870**	**22,000**	**9,230,128**
Accumulated depreciation and impairment loss							
At 1 July 2012	24,927	27,965	96,885	24,275	2,750,874	22,000	2,946,926
Charge for the year	4,942	3,120	1,900	3,736	979,113	—	992,811
Disposals	—	—	(12,387)	(3,992)	(910,504)	—	(926,883)
Exchange realignment	(106)	—	(105)	(327)	(857)	—	(1,395)
At 30 June 2013 and 1 July 2013	29,763	31,085	86,293	23,692	2,818,626	22,000	3,011,459
Charge for the year	4,165	2,324	3,021	2,479	841,228	—	853,217
Transferred to investment properties *(Note 17)*	—	(26,679)	—	—	—	—	(26,679)
Disposals	—	—	(1,002)	(6,751)	(430,929)	—	(438,682)
Exchange realignment	12	—	(16)	(26)	(224)	—	(254)
At 30 June 2014	**33,940**	**6,730**	**88,296**	**19,394**	**3,228,701**	**22,000**	**3,399,061**
Net book value							
At 30 June 2014	**30,406**	**27,168**	**61,989**	**7,335**	**5,704,169**	**—**	**5,831,067**
At 30 June 2013	34,480	89,367	13,915	7,293	6,533,306	—	6,678,361

Notes:

(a) As at 30 June 2013, included in buildings, a property with carrying amount of RMB40,426,000 located in the PRC was pledged to a bank for the banking facilities granted to an independent third party. As at 30 June 2014, no property, plant and equipment was pledged to a bank.

(b) Farmland infrastructure includes films, green house facilities, ditches, roads and others.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Company

	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost			
At 1 July 2012	128	389	517
Additions	—	27	27
Disposals	—	(9)	(9)
Exchange realignment	(4)	(13)	(17)
At 30 June 2013 and 1 July 2013	124	394	518
Additions	—	20	20
Disposals	—	(1)	(1)
Exchange realignment	—	1	1
At 30 June 2014	**124**	**414**	**538**
Accumulated depreciation			
At 1 July 2012	115	335	450
Charge for the year	5	31	36
Disposals	—	(7)	(7)
Exchange realignment	(4)	(11)	(15)
At 30 June 2013 and 1 July 2013	116	348	464
Charge for the year	5	16	21
Disposals	—	(1)	(1)
Exchange realignment	—	1	1
At 30 June 2014	**121**	**364**	**485**
Net book value			
At 30 June 2014	**3**	**50**	**53**
At 30 June 2013	8	46	54

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

17. INVESTMENT PROPERTIES — THE GROUP

	2014 **RMB'000**	2013 RMB'000
Cost		
At 1 July	**—**	—
Transferred from property, plant and equipment *(Note 16)*	**86,554**	—
At 30 June	**86,554**	—
Accumulated depreciation		
At 1 July	**—**	—
Transferred from property, plant and equipment *(Note 16)*	**26,679**	—
Depreciation for the year	**797**	—
At 30 June	**27,476**	—
Net book value		
At 30 June	**59,078**	—

As at 30 June 2014, all investment properties of the Group are located in the PRC. The fair value of the investment properties as at 30 June 2014 is RMB92,700,000. The fair value of investment properties disclosed at the end of the reporting period is measured on a recurring basis and categorised as level 2 fair value measurement. The fair value of investment properties is determined by the Directors at each reporting date using market comparison approach by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available.

18. CONSTRUCTION-IN-PROGRESS — THE GROUP

	2014 **RMB'000**	2013 RMB'000
At 1 July	**53,832**	82,115
Additions	**26,286**	32,731
Transferred to property, plant and equipment *(Note 16)*	**(79,511)**	(61,014)
At 30 June	**607**	53,832

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

19. PREPAID PREMIUM FOR LAND LEASES — THE GROUP

	Long-term prepaid rentals RMB'000	Land use rights RMB'000	Total RMB'000
Cost			
At 1 July 2012	7,349,383	127,970	7,477,353
Early termination of leases	(1,138,445)	—	(1,138,445)
Exchange realignment	(28,094)	—	(28,094)
At 30 June 2013 and 1 July 2013	6,182,844	127,970	6,310,814
Early termination of leases	(641,300)	—	(641,300)
Exchange realignment	(7,272)	—	(7,272)
At 30 June 2014	**5,534,272**	**127,970**	**5,662,242**
Accumulated amortisation and impairment loss			
At 1 July 2012	897,329	38,578	935,907
Amortisation for the year	152,460	4,889	157,349
Early termination of leases	(139,313)	—	(139,313)
Exchange realignment	(28,094)	—	(28,094)
At 30 June 2013 and 1 July 2013	882,382	43,467	925,849
Amortisation for the year	133,769	4,889	138,658
Early termination of leases	(36,913)	—	(36,913)
Exchange realignment	(7,272)	—	(7,272)
At 30 June 2014	**971,966**	**48,356**	**1,020,322**
Net carrying value			
At 30 June 2014	**4,562,306**	**79,614**	**4,641,920**
At 30 June 2013	5,300,462	84,503	5,384,965

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

19. PREPAID PREMIUM FOR LAND LEASES — THE GROUP *(continued)*

	2014 RMB'000	2013 RMB'000
Non-current portion	**4,508,700**	5,244,703
Current portion	**133,220**	140,262
Net carrying value at 30 June	**4,641,920**	5,384,965

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:

	2014 RMB'000	2013 RMB'000
Outside Hong Kong held on:		
Leases of over 50 years	**520,616**	669,486
Leases of between 10 to 50 years	**4,121,304**	4,715,479
	4,641,920	5,384,965

Notes:

(a) As at 30 June 2014, long-term prepaid rentals for the farmlands which have not yet been occupied by the Group amounted to RMB688,500,000 (2013: RMB1,078,500,000).

(b) As at 30 June 2013, included in land use rights, a property interests under an operating lease with carrying amount of RMB2,842,000 located in the PRC was pledged to a bank for the banking facilities granted to an independent third party. As at 30 June 2014, no property interests under an operating lease was pledged to a bank.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

20. BIOLOGICAL ASSETS — THE GROUP

	Fruit trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2012	875,396	52,451	500,983	886,761	2,315,591
Additions	279,198	49,451	2,404,605	295,333	3,028,587
Decrease due to harvest or sales	(264,848)	(77,692)	(2,462,980)	(111,248)	(2,916,768)
Written off	(183,464)	—	—	—	(183,464)
Gain/(Loss) arising from changes in fair value less costs to sell	355,358	9,900	(81,654)	80,154	363,758
At 30 June 2013 and 1 July 2013	1,061,640	34,110	360,954	1,151,000	2,607,704
Additions	360,654	42,505	1,565,961	206,420	2,175,540
Decrease due to harvest or sales	(310,354)	(47,011)	(1,668,001)	—	(2,025,366)
Written off	(292,735)	—	—	—	(292,735)
Gain/(Loss) arising from changes in fair value less costs to sell	40,473	10,364	235,346	(22,814)	263,369
At 30 June 2014	**859,678**	**39,968**	**494,260**	**1,334,606**	**2,728,512**

Biological assets as at 30 June 2014 and 2013 are stated at fair values less costs to sell and are analysed as follows:

	Fruit trees RMB'000	**Livestock RMB'000**	**Vegetables RMB'000**	**Trees in plantation forest RMB'000**	**2014 Total RMB'000**	2013 Total RMB'000
Non-current portion	**859,678**	**39,968**	**—**	**1,334,606**	**2,234,252**	2,246,750
Current portion	**—**	**—**	**494,260**	**—**	**494,260**	360,954
	859,678	**39,968**	**494,260**	**1,334,606**	**2,728,512**	2,607,704

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

20. BIOLOGICAL ASSETS — THE GROUP *(continued)*

Notes:

(a) The trees in plantation forest represented the growing of eucalyptus (the "Eucalyptus").

(b) Measurement of fair value

(i) Fair value hierarchy

The fair value less costs to sell of the Group's biological assets measured at the end of the reporting period on a recurring basis, categorised as level 3 fair value measurement based on the inputs to the valuation techniques used.

During the year ended 30 June 2014, there were no transfers between levels in the hierarchy.

The Group has engaged an independent professional valuer, Jones Lang LaSalle Corporate Appraisal And Advisory Limited (the "Valuer"), to carry out the valuation of the fair value less costs to sell of fruit trees and the Eucalyptus. The Group has determined the value of the fruit trees and the Eucalyptus at 30 June 2014 by making reference to the valuation performed by the Valuer. The valuation of fruit trees and the Eucalyptus would be performed by the Valuer annually.

The Group has determined the fair value less costs to sell of vegetables and livestock by using direct market comparison approach at the end of each reporting period.

(ii) Level 3 fair value

The following table shows the valuation techniques used in measuring fair values less costs to sell, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Fruit trees	Muti period excess earnings method, which is a derivative of the discounted cash flow method	Expected net cash flows	The higher of expected net cash flows, the higher of the fair value less costs to sell determined
		Current market-determined pre-tax rate	The lower of current market-determined pre-tax rate, the higher of the fair value less costs to sell determined
Livestock	Market comparison approach with reference to market-determined prices with similar size, species and age	Market-determined price	The higher of market-determined price, the higher of the fair value less costs to sell determined
Vegetables	Market comparison approach with reference to market-determined prices, cultivation areas, species, growing conditions, growing progress and expected yield of the crops	Market-determined price	The higher of market-determined price, the higher of the fair value less costs to sell determined
		Growing progress	The higher the growing progress rate, the higher the fair value less costs to sell determined
Tree in plantation forest	Muti period excess earnings method, which is a derivative of the discounted cash flow method	Expected net cash flows	The higher of expected net cash flows, the higher of the fair value less costs to sell determined
		Current market-determined pre-tax rate	The lower of current market-determined pre-tax rate, the higher of the fair value less costs to sell determined

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

20. BIOLOGICAL ASSETS — THE GROUP *(continued)*

Notes: (continued)

(c) The quantity of biological assets at the end of each reporting period was as follows:

	2014 **Number ('000)**	2013 Number ('000)
Fruit trees	**7,168**	8,012
Trees in plantation forest	**35,535**	35,535
Livestock	**3**	3

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

	2014		2013	
	Quantity Tonnes	**Amount RMB'000**	Quantity Tonnes	Amount RMB'000
Fruit	**73,684**	**128,466**	74,753	145,868
Vegetables	**552,023**	**1,140,520**	1,257,112	1,811,629
	625,707	**1,268,986**	1,331,865	1,957,497

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

21. AVAILABLE-FOR-SALE INVESTMENTS — THE GROUP

	2014 RMB'000	2013 RMB'000
Listed equity investments in Hong Kong, at fair value	**104,220**	161,025

The fair value of the listed equity investments is based on the quoted market bid prices available on the Stock Exchange. During the year ended 30 June 2014, the fair value loss recognised directly in investment revaluation reserve amounted to approximately RMB60,094,000 (2013: RMB92,038,000). Due to a prolonged decline in the fair value of the available-for-sale investments below its cost, an impairment loss of approximately RMB60,094,000 (2013: RMB77,826,000) has been recognised in profit or loss for the year ended 30 June 2014.

22. DEFERRED DEVELOPMENT COSTS — THE GROUP

	2014 RMB'000	2013 RMB'000
Cost		
At 1 July and 30 June	**55,239**	55,239
Accumulated amortisation		
At 1 July	**50,779**	46,199
Amortisation for the year	**4,000**	4,580
At 30 June	**54,779**	50,779
Net carrying value		
At 30 June	**460**	4,460

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

23. DEFERRED EXPENDITURE — THE GROUP

	2014 RMB'000	2013 RMB'000
Cost		
At 1 July	**774,568**	940,931
Additions	**101,085**	57,098
Written off	**(134,118)**	(223,461)
At 30 June	**741,535**	774,568
Accumulated amortisation		
At 1 July	**337,377**	362,278
Amortisation for the year	**145,867**	173,583
Written off	**(111,777)**	(198,484)
At 30 June	**371,467**	337,377
Net carrying value		
At 30 June	**370,068**	437,191

Deferred expenditure includes soil activation expenditure and land improvement and maintenance expenditure.

24. INTANGIBLE ASSETS — THE GROUP

	2014 RMB'000	2013 RMB'000
Cost		
At 1 July	**799,366**	826,513
Exchange realignment	**2,674**	(27,147)
At 30 June	**802,040**	799,366
Accumulated impairment loss		
At 1 July	**333,225**	344,542
Exchange realignment	**1,115**	(11,317)
At 30 June	**334,340**	333,225
Net carrying value		
At 30 June	**467,700**	466,141

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

24. INTANGIBLE ASSETS — THE GROUP *(continued)*

Intangible assets include the patent application rights in relation to the patents which represent novel vaccine compositions and methods of vaccine preparation for veterinary and human diseases and oral vaccines produced and administered using edible micro-organism.

The recoverable amount of intangible assets had been determined based on a value-in-use calculation. That calculation is with reference to the valuation report issued by an independent professional valuer with the discount rate of 17% (2013: 17%).

25. INTERESTS IN SUBSIDIARIES — THE COMPANY

	2014	2013
	RMB'000	RMB'000
Investments in unlisted shares, at cost	**200,665**	200,665
Exchange realignment	**(50,535)**	(51,036)
	150,130	149,629
Amounts due from subsidiaries	**4,646,969**	4,629,224
	4,797,099	4,778,853

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, the balance due is considered as non-current as the settlement of these amounts due is neither planned nor likely to occur in the foreseeable future and in substance, amounts due from subsidiaries are extensions of the Company's investments in these subsidiaries.

Particulars of the principal subsidiaries of the Company at 30 June 2014 are set out in Note 39.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

26. INTERESTS IN ASSOCIATES — THE GROUP

	Note	2014 RMB'000	2013 RMB'000
Share of net assets		**11,334**	8,623
Amount due from an associate	(c)	**333**	332
		11,667	8,955

Notes:

(a) Particulars of the principal associates of the Group at 30 June 2014 are as follows:

Name of company	Country of incorporation	Principal activity and place of operation	Particulars of issued and paid up capital	Interests held indirectly by the Company 2014	2013
福州超大永輝商業發展有限公司	PRC	Supermarket chain operations in PRC	RMB10,000,000	**40%**	40%
Chaoda Green Leaf (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US$1 each	**43%**	43%

The Directors are of the opinion that a complete list of the particulars of all associates of the Group is of excessive length and therefore the above list contains only the particulars of the associates which principally affect the results or financial position of the Group.

(b) The following table illustrates the summarised financial information of the Group's associates, as extracted from those associates' financial statements:

	2014 RMB'000	2013 RMB'000
Non-current assets	**18,046**	20,866
Current assets	**57,859**	54,299
Current liabilities	**(56,164)**	(56,606)
Turnover	**143,945**	161,045
(Loss)/Profit for the year	**(5,925)**	3,530

(c) Amount due from an associate is unsecured, interest-free and have 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 Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

27. INVENTORIES — THE GROUP

	2014 **RMB'000**	2013 RMB'000
Agricultural materials	**39,523**	38,554
Merchandise for resale	**219**	879
	39,742	39,433

Agricultural materials mainly include seeds, fertilisers, pesticides and processing materials not yet utilised at the end of the reporting period. All inventories at the reporting dates were stated at cost.

28. TRADE RECEIVABLES — THE GROUP

	2014 **RMB'000**	2013 RMB'000
Trade receivables	**46,539**	45,732
Less: Allowance for doubtful debts *(Note (b))*	**(6,560)**	(6,560)
	39,979	39,172

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 the customers' creditworthiness.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. As the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk.

(a) Ageing analysis

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

	2014 **RMB'000**	2013 RMB'000
0–1 month	**17,692**	15,865
1–3 months	**5,221**	6,842
Over 3 months	**17,066**	16,465
	39,979	39,172

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

28. TRADE RECEIVABLES — THE GROUP *(continued)*

(b) Impairment of trade receivables

Impairment losses on trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the allowance for doubtful debts during the year are as follows:

	2014 RMB'000	2013 RMB'000
At 1 July	**6,560**	10,483
Written off	**—**	(3,923)
At 30 June	**6,560**	6,560

The aggregate carrying amount of the individually impaired trade receivables included in the allowance for doubtful debts are RMB6,560,000 (2013: RMB6,560,000). The individually impaired trade receivables related to customers that were in default or delinquency in payments.

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

	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	**22,532**	21,812
0–60 days past due	**381**	892
Over 60 days past due	**17,066**	16,468
	39,979	39,172

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

Trade receivables that were past due but not impaired related to a wide range of customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

29. CASH AND CASH EQUIVALENTS

The Group

	2014 **RMB'000**	2013 RMB'000
Cash at banks and on hand	**297,504**	161,090
Short-term bank deposits	**134,817**	210,329
	432,321	371,419
Denominated in:		
RMB	**281,859**	199,136
HK$	**127,425**	149,073
Others	**23,037**	23,210
	432,321	371,419

The Company

	2014 **RMB'000**	2013 RMB'000
Cash at banks and on hand	**1,722**	2,828
Short-term bank deposits	**19,363**	48,907
	21,085	51,735
Denominated in:		
RMB	**162**	3,109
HK$	**7,111**	34,527
Others	**13,812**	14,099
	21,085	51,735

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

29. CASH AND CASH EQUIVALENTS *(continued)*

Among the Company's cash and cash equivalents, RMB20,923,000 (2013: RMB48,626,000) were denominated in currencies other than RMB and kept in Hong Kong.

The conversion of RMB denominated balances kept in the PRC into foreign currencies and the transfer of these balances out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at banks earn interest at floating rates based on the daily bank deposit rates. Short-term bank deposits are placed with the banks and earn interests at the respective short-term bank deposit rates. Short-term bank deposits as at 30 June 2014 and 2013 have a maturity within three months.

30. TRADE PAYABLES — THE GROUP

Ageing analysis of trade payables is as follows:

	2014 **RMB'000**	2013 RMB'000
0–3 months	**1,999**	2,119
Over 3 months	**12,317**	9,382
	14,316	11,501

31. AMOUNTS DUE TO SUBSIDIARIES — THE COMPANY

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

32. BANK LOANS — THE GROUP

As at 30 June 2014, the Group's bank loans were unsecured and repayable within one year. The Group's bank loans, which were all denominated in RMB and interest bearing at fixed rates ranging from 6.09% to 6.16% per annum.

As at 30 June 2014, the Group had banking facilities totalling RMB29,404,000 (2013: Nil), of which RMB29,404,000 (2013: Nil) had been utilised. All banking facilities are unsecured.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

33. DEFERRED TAX

The Group

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 withholding tax.

At 30 June 2014 and 2013, 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 RMB434,333,000 (2013: RMB549,852,000). 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.

At the end of the reporting period, the Group had unrecognised deferred tax assets as follows:

	2014 RMB'000	2013 RMB'000
Tax losses available to set off future assessable profits*	**78,793**	70,763
Accelerated tax depreciation	**2,024**	1,843
	80,817	72,606

* Deferred tax assets have not been recognised in respect of the tax losses as it is not certain that they can be utilised in the foreseeable future.

The Company

The Company had unrecognised deferred tax assets arising from tax losses of RMB17,800,000 (2013: RMB17,740,000) at the end of the reporting period. The tax losses can be carried forward indefinitely.

34. SHARE CAPITAL — THE GROUP AND THE COMPANY

Authorised ordinary shares of HK$0.1 each

	No. of shares ('000)	HK$'000	RMB'000
At 1 July 2012, 30 June 2013 and **30 June 2014**	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 2012, 30 June 2013 and **30 June 2014**	3,291,302	329,130	332,787

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

35. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the extraordinary general meeting of the Company held on 19 June 2002 for the primary purpose of providing incentives or rewards to selected participants, and expired on 18 June 2012. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the adoption date ("Scheme Mandate"). Pursuant to a resolution passed at the extraordinary general meeting of the Company held on 14 February 2006, a refreshment of the Scheme Mandate was approved. The total number of shares to be allotted and issued pursuant to the grant or exercise of the options under the Scheme shall not exceed 10% of the total number of shares in issue as at 14 February 2006. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

The number of share options and their weighted average exercise price for the reporting periods presented are as follows:

	2014		2013	
	No. of share options	**Weighted average exercise price HK$**	No. of share options	Weighted average exercise price HK$
Outstanding at 1 July	**100,775,348**	**5.630**	169,440,788	3.988
Lapsed during the year	**(1,423,920)**	**5.203**	(68,665,440)	1.579
Outstanding at 30 June	**99,351,428**	**5.636**	100,775,348	5.630
Exercisable at 30 June	**99,351,428**	**5.636**	100,275,348	5.626

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

35. SHARE OPTION SCHEME *(continued)*

The exercisable periods of share options of the Company are as follows:

	2014		2013	
Exercisable period	Number	Weighted average exercise price HK$	Number	Weighted average exercise price HK$
1-4-2007 to 30-8-2016	**358,020**	**3.837**	358,020	3.837
1-11-2007 to 31-10-2015	**75,816**	**2.802**	75,816	2.802
1-4-2008 to 30-8-2016	**463,320**	**3.837**	463,320	3.837
24-10-2008 to 23-10-2018	**2,244,800**	**3.846**	2,244,800	3.846
1-11-2008 to 31-10-2015	**118,216**	**2.802**	118,216	2.802
1-4-2009 to 30-8-2016	**463,320**	**3.837**	463,320	3.837
24-10-2009 to 23-10-2018	**125,170**	**3.846**	125,170	3.846
1-11-2009 to 31-10-2015	**497,256**	**2.802**	497,256	2.802
1-4-2010 to 30-8-2016	**874,850**	**3.837**	874,850	3.837
24-10-2010 to 23-10-2018	**540,800**	**3.846**	540,800	3.846
26-11-2010 to 25-11-2020	**67,700,000**	**6.430**	68,450,000	6.430
1-4-2011 to 30-8-2016	**23,308,260**	**3.837**	23,982,180	3.837
24-10-2011 to 23-10-2018	**540,800**	**3.846**	540,800	3.846
26-11-2011 to 25-11-2020	**500,000**	**6.430**	500,000	6.430
24-10-2012 to 23-10-2018	**540,800**	**3.846**	540,800	3.846
26-11-2012 to 25-11-2020	**500,000**	**6.430**	500,000	6.430
26-11-2013 to 25-11-2020	**500,000**	**6.430**	500,000	6.430
	99,351,428	**5.636**	100,775,348	5.630

The Company's share options outstanding at 30 June 2014 had a weighted average remaining contractual life of 5.19 years (2013: 6.19 years).

The fair value of share options is determined at the date of grant under Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

Date of grant	Option value	Exercise price	Risk-free interest rate	Expected volatility	Dividend yield	Life of options
1 November 2005	HK$1.47–HK$1.60	HK$2.802	4.46%	64%	2.6%	10 years
31 August 2006	HK$1.91–HK$2.10	HK$3.837	4.21%	61%	2.3%	10 years
24 October 2008	HK$2.08–HK$2.19	HK$3.846	2.42%	56%	0.3%	10 years
26 November 2010	HK$2.61–HK$2.79	HK$6.430	2.49%	42%	1.0%	10 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

36. RESERVES

The Group

	Notes	2014 RMB'000	2013 RMB'000
Share premium		**5,968,860**	5,968,860
Capital reserve	(a)	**94,894**	94,894
Employee share-based compensation reserve		**217,818**	220,326
Capital redemption reserve		**5,247**	5,247
Call option reserve	(b)	**—**	40,278
Exchange reserve		**(232,411)**	(234,120)
Statutory reserves	(c)	**688,059**	687,632
Retained profits		**8,042,203**	9,940,420
		14,784,670	16,723,537

Movements of the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on page 42 to 43.

Notes:

(a) Capital reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in December 2000 over the nominal value of the share capital of the Company issued in exchange thereafter.

(b) On 17 August 2010, the Company entered into the option agreement in relation to the issue of call options pursuant to which the holders of the call options are in aggregate entitled to require the Company to issue up to a maximum of 103,300,000 shares (subject to adjustment) at strike price of HK$7.9065 per share (subject to adjustment) ("Call Options"). The Call Options were exercisable in whole or in part within the period commencing from the first day of the conversion period of the convertible bonds to 17 August 2013. Further details of the issue of the Call Options were set out in the announcement of the Company dated 17 August 2010. During the year ended 30 June 2014, all unexercised Call Options lapsed and the remaining balance of the call option reserve was transferred to the retained profits of the Group accordingly.

(c) In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate not less than 10% of their profits after tax to the respective statutory reserves, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to offset against their respective accumulated losses, if any.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

36. RESERVES *(continued)*

The Company

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Call option reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2012	6,169,525	265,703	40,278	5,247	(1,162,510)	(1,330,685)	3,987,558
Employee share option benefits	—	589	—	—	—	—	589
Transactions with owners	—	589	—	—	—	—	589
Loss for the year *(Note 11)*	—	—	—	—	—	(25,183)	(25,183)
Other comprehensive expense							
— Currency translation difference	—	—	—	—	(141,522)	—	(141,522)
Total comprehensive expense for the year	—	—	—	—	(141,522)	(25,183)	(166,705)
Lapse of share options	—	(45,966)	—	—	—	45,966	—
At 30 June 2013 and 1 July 2013	6,169,525	220,326	40,278	5,247	(1,304,032)	(1,309,902)	3,821,442
Employee share option benefits	—	152	—	—	—	—	152
Transactions with owners	—	152	—	—	—	—	152
Loss for the year *(Note 11)*	—	—	—	—	—	(25,972)	(25,972)
Other comprehensive income							
— Currency translation difference	—	—	—	—	13,837	—	13,837
Total comprehensive income/(expense) for the year	—	—	—	—	13,837	(25,972)	(12,135)
Lapse of call options	—	—	(40,278)	—	—	40,278	—
Lapse of share options	—	(2,660)	—	—	—	2,660	—
At 30 June 2014	**6,169,525**	**217,818**	**—**	**5,247**	**(1,290,195)**	**(1,292,936)**	**3,809,459**

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

37. COMMITMENTS

(a) Capital commitments

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

	2014 RMB'000	2013 RMB'000
Contracted but not provided for:		
Research and development expenditure	—	5,500
Purchases of property, plant and equipment	1,346	2,550
Total	1,346	8,050

At the end of the reporting period, the Company had no significant capital commitment.

(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:

	2014 RMB'000	2013 RMB'000
Within one year	136,714	162,918
In the second to fifth years, inclusive	536,942	633,704
After five years	1,661,356	2,121,784
Total	2,335,012	2,918,406

As lessor

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

	2014 RMB'000	2013 RMB'000
Within one year	7,179	3,520
In the second to fifth years, inclusive	11,811	10,168
After five years	1,046	1,526
Total	20,036	15,214

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

38. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

The Directors are of the opinion that the key management personnel were the executive directors of the Company, details of whose emoluments are set out in Note 14 and certain highest paid employees whose remunerations are set out in Note 15.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at 30 June 2014 are as follows:

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/ registered and paid up capital	Interests held
Held directly by the Company:				
Timor Enterprise Limited	British Virgin Islands	Investment holding in Hong Kong	60,000 ordinary shares of US$1 each	100%
Insight Decision Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Huge Market Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Worthy Year Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Great Challenge Developments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Good Add Holdings Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Lead Rich Enterprises Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Chaoda Vegetable & Fruits Trading Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/ registered and paid up capital	Interests held
Held indirectly by the Company:				
Fuzhou Chaoda Modern Agriculture Development Company Limited**	PRC	Growing and sales of crops, breeding and sales of livestock in the PRC	HK$1,300,000,000	100%
Fujian Chaoda Green Agriculture Development Company Limited *	PRC	Breeding and sales of livestock in the PRC	RMB80,000,000	100%
福建超大畜牧業有限公司 ***	PRC	Provision of agency service in the PRC	RMB80,000,000	100%
Chaoda Vegetable & Fruits Limited	Hong Kong	Distribution and trading of crops in Hong Kong	100,000 ordinary shares of HK$1 each	100%
Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited	Hong Kong	Wholesale and logistics of vegetables and fruits in Hong Kong	2,500,000 ordinary shares of HK$1 each	60%
Desire Star (Fujian) Development Company Limited*	PRC	Property holding in the PRC	US$9,860,000	100%
Jiangxi Nanfeng Chaoda Fruits Company Limited*	PRC	Growing and sales of fruits in the PRC	RMB10,000,000	100%
雲霄超大木業有限公司***	PRC	Growing and sales of timbers in the PRC	RMB6,000,000	100%
Inner Mongolia Chaoda Stockbreeding Co., Ltd *	PRC	Breeding and sales of livestock in the PRC	RMB100,000,000	100%
超大(上海)食用菌有限公司**	PRC	Sales of ancillary food products in the PRC	HK$77,800,000	100%
福州超大貿易有限公司***	PRC	Sales of crops in the PRC	RMB30,000,000	100%

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/ registered and paid up capital	Interests held
Held indirectly by the Company: *(continued)*				
北京傑志環球生物科技有限公司**	PRC	Research and development of organism technologies in the PRC	HK$2,000,000	70%
福州傑志環球生物科技有限公司 **	PRC	Research and development of organism technologies in the PRC	HK$120,000,000	70%
Keen Spirit Global Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US$1 each	70%
VaxGene Corporation	British Virgin Islands	Research and development of organism technologies in Hong Kong	50,000 ordinary shares of US$1 each	70%

The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company is of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or financial position of the Group.

* Sino-foreign owned equity joint ventures
** Wholly foreign owned enterprises
*** Private limited liability companies

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

40. NON-CONTROLLING INTERESTS

The following table lists out the information relating to Keen Spirit Global Limited and its subsidiaries, the group of non-wholly owned subsidiaries which have material non-controlling interests ("NCI"). The summarised consolidated financial information presented below represents the amounts before any inter-company elimination.

	2014 RMB'000	2013 RMB'000
Proportion of ownership interest held by NCI	**30%**	30%
Non-current assets	**471,023**	467,537
Current assets	**95,157**	96,174
Current liabilities	**(98,102)**	(97,153)
Net assets	**468,078**	466,558
Carrying amount of NCI	**140,423**	139,968
Revenue	**—**	—
Profit/(Loss) for the year	**286**	(1,936)
Total comprehensive income/(expense) for the year	**1,520**	(14,487)
Profit/(Loss) allocated to NCI	**86**	(581)
Total comprehensive income/(expense) allocated to NCI	**456**	(4,346)
Cash flows generated from/(used in) operating activities	**1,330**	(1,198)
Cash flows used in investing activities	**(2,348)**	—

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

41. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, equity price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Currency risk

As the Group's sales and purchases are mainly in RMB, the currency risk resulting from daily operations is considered not significant. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong which are classified as available-for-sale investments. The management will consider hedging the risk exposure should the need arise. The Group is not exposed to commodity price risk.

At 30 June 2014, if equity prices had increased/(decreased) by 10% and all other variables were held constant, the Group's investment revaluation reserve (i.e. equity) would increase/(decrease) by approximately RMB10,422,000 (2013: RMB16,103,000) as a result of the changes in fair value of listed equity investments included in the Group's available-for-sale investments.

This sensitivity analysis has been determined assuming that the price change had occurred at the end of the reporting period and has been applied to the Group's available-for-sale investments on that date.

(iii) Credit risk

Most of the Group's sales are cash on delivery which significantly reduces the Group's exposure on customers' default in repayment. In respect of the credit sales, the Group also has policies in place to ensure trading with customers with appropriate credit history and performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

The credit risk on cash and cash equivalents is limited because the major counterparties are reputable banks operating in Hong Kong and in the PRC. Other than the concentration of cash and cash equivalents which are deposited with several reputable banks in Hong Kong and in the PRC, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 28.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

41. RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iv) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations, investment opportunities, expected expansion and to meet its debt obligations as they fall due. The Group finances its working capital requirements mainly by the funds generated from its operations.

The following tables detail 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 the contractual undiscounted payments (including interest payments computed using contractual rates) and the earliest date the Group and the Company can be required to pay:

The Group

	Carrying amount RMB'000	**Total contractual undiscounted payments RMB'000**	**Within 1 year or on demand RMB'000**
As at 30 June 2014			
Trade payables	**14,316**	**14,316**	**14,316**
Other payables and accruals	**294,657**	**294,657**	**294,657**
Bank loans	**29,404**	**29,404**	**29,404**
	338,377	**338,377**	**338,377**

	Carrying amount RMB'000	Total contractual undiscounted payments RMB'000	Within 1 year or on demand RMB'000
As at 30 June 2013			
Trade payables	11,501	11,501	11,501
Other payables and accruals	208,076	208,076	208,076
	219,577	219,577	219,577

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

41. RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iv) Liquidity risk *(continued)*

The Company

	Carrying amount RMB'000	**Total contractual undiscounted payments RMB'000**	**Within 1 year or on demand RMB'000**
As at 30 June 2014			
Amounts due to subsidiaries	**662,862**	**662,862**	**662,862**
Other payables and accruals	**13,991**	**13,991**	**13,991**
	676,853	**676,853**	**676,853**

	Carrying amount RMB'000	Total contractual undiscounted payments RMB'000	Within 1 year or on demand RMB'000
As at 30 June 2013			
Amounts due to subsidiaries	660,573	660,573	660,573
Other payables and accruals	16,754	16,754	16,754
	677,327	677,327	677,327

(v) Interest rate risk

The Group does not have any borrowings which bears floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

The Directors are of the opinion that the impact of the Group's and the Company's sensitivity to the change in interest rate is insignificant.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

41. RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Fair value estimation

The estimate of fair values of biological assets and available-for-sale investments is disclosed in Note 20 and Note 21 respectively. The fair values of current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity.

The Group's financial instruments carried at fair value represent the Group's available-for-sale investments as detailed in Note 21. The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree which the fair value is observable.

— Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

— Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's available-for-sale investments were classified as Level 1 as at 30 June 2014 and 2013. There were no transfers between level 1 and 2 in both years.

(c) Business risk

The Group is exposed to financial risks arising from changes in prices of agricultural produce and livestock which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include weather conditions and livestock diseases. The Group has little or no control over these conditions and factors.

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, raise new debt financing or issue new shares. No changes were made in the capital management objectives, policies or processes during the years ended 30 June 2014 and 2013. The Group monitors its capital using net debt to adjusted capital ratio. Net debt includes borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. Adjusted capital represents equity attributable to the owners of the Company plus net debt.

The Group's excess of cash and cash equivalents over total borrowings as at the end of the reporting period were presented as follows:

The Group

	2014 **RMB'000**	2013 RMB'000
Total borrowings	**29,404**	—
Less: Cash and cash equivalents	**(432,321)**	(371,419)
Excess of cash and cash equivalents over total borrowings	**(402,917)**	(371,419)
Equity attributable to the owners of the Company	**15,117,457**	17,056,324
Adjusted capital	**N/A**	N/A
Net debt to adjusted capital ratio	**N/A**	N/A

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 30 June 2014

43. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's and the Company's financial assets and liabilities recognised at the end of the reporting period may also be categorised as follows. See Note 2.19 for explanations on how the category of financial instruments affects their subsequent measurement.

	The Group		**The Company**	
Financial assets	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Available-for-sale investments	**104,220**	161,025	**—**	—
Loan and receivables				
— Trade receivables	**39,979**	39,172	**—**	—
— Other receivables	**848,769**	845,657	**862**	914
— Cash and cash equivalents	**432,321**	371,419	**21,085**	51,735
	1,425,289	1,417,273	**21,947**	52,649

	The Group		**The Company**	
Financial liabilities	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Financial liabilities measured at amortised cost				
— Amounts due to subsidiaries	**—**	—	**662,862**	660,573
— Trade payables	**14,316**	11,501	**—**	—
— Other payables and accruals	**294,657**	208,076	**13,991**	16,754
— Bank loans	**29,404**	—	**—**	—
	338,377	219,577	**676,853**	677,327

Five Year Financial Summary

For the year ended 30 June 2014

A summary of the consolidated results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 30 June				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Turnover	6,963,717	8,064,750	3,160,019	2,281,882	**1,459,321**
Profit/(Loss) before income tax	3,657,076	3,173,858	(4,934,625)	(3,218,943)	**(1,938,910)**
Income tax expense	(244)	(178)	(273)	(1,081)	**(756)**
Profit/(Loss) for the year	3,656,832	3,173,680	(4,934,898)	(3,220,024)	**(1,939,666)**
Profit/(Loss) for the year, attributable to:					
Owners of the Company	3,658,874	3,276,915	(4,933,847)	(3,220,015)	**(1,940,728)**
Non-controlling interests	(2,042)	(103,235)	(1,051)	(9)	**1,062**
	3,656,832	3,173,680	(4,934,898)	(3,220,024)	**(1,939,666)**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 30 June				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Total assets	21,758,314	27,125,573	20,611,783	17,436,108	**15,617,485**
Total liabilities	(249,859)	(1,281,782)	(156,150)	(240,232)	**(359,032)**
Non-controlling interests	(263,739)	(146,012)	(143,376)	(139,552)	**(140,996)**
Total equity attributable to the owners of the Company	21,244,716	25,697,779	20,312,257	17,056,324	**15,117,457**