

## Notes to the Unaudited Condensed Consolidated Interim Accounts

31 December 2005

### 1. Basis of Preparation

The unaudited condensed consolidated interim accounts (the “condensed financial report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, which became effective for accounting periods beginning on or after 1 January 2005, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) issued by the Stock Exchange.

This condensed financial report should be read in conjunction with the annual accounts of the Group for the year ended 30 June 2005.

The accounting policies and method of computation used in the preparation of this condensed financial report are consistent with those used in the audited annual accounts of the Group for the year ended 30 June 2005, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”) and HKAS (collectively referred to as the “New HKFRSs”), which have become effective for accounting periods beginning on or after 1 January 2005 and have not been early adopted by the Group for the preparation of the audited annual accounts of the Group for the year ended 30 June 2005. The applicable New HKFRSs adopted in this condensed financial report are set out below and the comparatives have been restated in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 41	Agriculture
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

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## 1. Basis of Preparation *(continued)*

The adoption of HKAS 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 28, 32, 33, 34, 36, 37, 38, 39 and 41 did not result in substantial changes to the accounting policies and the methods of computation used in the condensed financial report.

The following is a summary of changes in principal accounting policies or presentation of the condensed financial report as a result of the adoption of the New HKFRSs:

### (a) HKAS 1 "Presentation of Financial Statements"

The adoption of HKAS 1 has affected the presentation of minority interests, share of net profit of associated companies and other disclosures.

### (b) HKAS 17 "Leases"

The adoption of HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from fixed assets, long-term prepaid rentals and land use rights to prepaid premium for land leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the consolidated income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated income statement. In prior years, leasehold land, accounted for under fixed assets, is stated at its cost less accumulated depreciation and accumulated impairment whilst land use rights and long-term prepaid rentals under operating leases are stated at their costs and amortized over the period of the respective leases separately.

The revised accounting policy has been applied retrospectively with comparatives restated in accordance with HKAS 17.

### (c) HKFRS 2 "Share-based Payment"

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payment. In prior years, no amounts were recognized for the equity-settled share based payment transactions in the Group, including share options granted to employees or directors of the Group to acquire shares of the Company at specified exercise prices under the share option schemes operated by the Group.

If the employees or directors of the Group chose to exercise the share options, the nominal amount of share capital and share premium were credited only to the extent of the share option's exercise price receivable.

With adoption of HKFRS 2, the cost of share options is charged to the consolidated income statement and the corresponding amount is recognized in the employee share-based compensation reserve under equity. Where the employees or directors are required to meet vesting conditions before they become entitled to the share options or shares, the Group recognizes the fair value of the share options or shares granted as an expense over the vesting period. If the employees or directors choose to exercise share options, the respective amount in employee share-based compensation reserve is transferred to share capital and share premium, together with exercise price. At each balance sheet date, the Group revises its estimates of the number of share options or shares that are expected to become vested. The impact of the revision of original estimates, if any, is recognized in the income statement with a corresponding adjustment to the employee share-based compensation reserve over the remaining vesting period.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2.

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**1. Basis of Preparation** (continued)**(d) HKFRS 3 “Business Combinations”**

In prior years, negative goodwill arising on consolidation was accounted for as follows:

- for acquisitions before 1 January 2001, negative goodwill is credited to capital reserve; and
- for acquisitions on or after 1 January 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognized, it is recognized in the consolidated income statement when the future losses and expenses are recognized. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognized in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortizable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognized immediately in the consolidated income statement.

With adoption of HKFRS 3:

- negative goodwill is derecognized at the beginning of the period, with the corresponding adjustment to the opening balance of retained profits; and
- all excess of acquirer's interest in the fair value of the identifiable net assets, over cost is recognized in consolidated income statement immediately.

The new accounting policy has been applied prospectively taking effect from 1 July 2005, in accordance with HKFRS 3.

**2. Summary of Impact of Changes in Accounting Policies**

While adoption of HKAS 1 and HKAS 17 has no impact on the Group's consolidated income statement, effect of adopting HKFRS 2 and HKFRS 3 are as follows:

	Year ended 30 June 2005 RMB'000	Six months ended 31 December 2005 RMB'000	Six months ended 31 December 2004 RMB'000
HKFRS 2: Increase in staff costs	(13,371)	(17,017)	(12,355)
HKFRS 3: Decrease in amortization of negative goodwill	—	(4,068)	—
Total decrease in profit attributable to shareholders	<u>(13,371)</u>	<u>(21,085)</u>	<u>(12,355)</u>
Decrease in basic earnings per share	<u>RMB0.006</u>	<u>RMB0.009</u>	<u>RMB0.005</u>

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**2. Summary of Impact of Changes in Accounting Policies** (continued)

The adoption of HKFRS 2 resulted in a decrease in the opening retained profits as at 1 July 2004 and 1 July 2005 by RMB110,418,000 and RMB123,789,000 respectively. Effect of adopting HKAS 17, HKFRS 2 and HKFRS 3 on the consolidated balance sheet as at 31 December 2005 and 30 June 2005 are as follows:

	As at 31 December 2005			As at 30 June 2005	
	HKAS 17 RMB'000	HKFRS 2 RMB'000	HKFRS 3 RMB'000	HKAS 17 RMB'000	HKFRS 2 RMB'000
Decrease in fixed assets	(31,074)	—	—	(31,426)	—
Decrease in long-term prepaid rentals	(2,158,822)	—	—	(1,869,500)	—
Decrease in land use rights	(66,674)	—	—	(23,091)	—
Increase in prepaid premium for land leases	2,256,570	—	—	1,924,017	—
Increase in interest in associates	—	—	130,173	—	—
Increase in employee share-based compensation reserve	—	(90,839)	—	—	(74,661)
Increase in share premium	—	(49,967)	—	—	(49,128)
Decrease/(increase) in retained profits	—	140,806	(130,173)	—	123,789

**3. Turnover**

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

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

	Six months ended 31 December	
	2005 RMB'000	2004 RMB'000
Sales of crops	1,233,194	981,444
Sales of livestock	19,340	21,969
Supermarket chain operation	33,696	49,219
	<b>1,286,230</b>	<b>1,052,632</b>

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## 4. Segment Information

The Group is principally engaged in the growing and sales of crops, breeding and sales of livestock, supermarket chain operation.

Analysis of business segment result for the six months ended 31 December 2005.

	Six months ended 31 December 2005				
	Growing and sales of crops RMB'000	Breeding and sales of livestock RMB'000	Supermarket chain operation RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Turnover	1,235,749	19,340	33,696	(2,555)	1,286,230
Cost of sales	(387,967)	(6,764)	(30,349)	2,555	(422,525)
Gross profit	847,782	12,576	3,347	—	863,705
Unallocated items:					
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets					18,831
Other revenues					71,822
Selling and distribution expenses					(128,283)
General and administrative expenses					(77,176)
Research expenses					(23,902)
Other operating expenses					(46,426)
Profit from operations					678,571
Finance costs					(83,717)
Share of net profit of associates					20,401
Deemed loss on diluting the interest in associates					(33,881)
Profit from ordinary activities before income tax					581,374
Income tax					(25)
Profit from ordinary activities after income tax					581,349
Profit attributable to:					
Shareholders of the Company					581,326
Minority interests					23
					581,349

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## 4. Segment Information (continued)

Analysis of business segment result for the six months ended 31 December 2004.

	Six months ended 31 December 2004				Total RMB'000
	(As restated)				
	Growing and sales of crops RMB'000	Breeding and sales of livestock RMB'000	Supermarket chain operation RMB'000	Inter- segment elimination RMB'000	
Turnover	981,557	21,969	49,219	(113)	1,052,632
Cost of sales	(306,079)	(7,509)	(45,109)	113	(358,584)
Gross profit	675,478	14,460	4,110	—	694,048
Unallocated items:					
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets					150,740
Other revenues					19,253
Selling and distribution expenses					(111,553)
General and administrative expenses					(63,879)
Research expenses					(27,005)
Other operating expenses					(33,908)
Profit from operations					627,696
Finance costs					(4,634)
Share of net profit of associates					23,157
Profit from ordinary activities before income tax					646,219
Income tax					—
Profit from ordinary activities after income tax					<u>646,219</u>
Profit attributable to:					
Shareholders of the Company					647,068
Minority interests					(849)
					<u>646,219</u>

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**4. Segment Information** *(continued)*

Inter-segment revenue represents the sales of fruits and vegetables from the crops segment to the supermarket segment. Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods.

Growing and sales of crops is the Group's primary business segment. The turnover, operating profit and total assets attributable to this business segment accounted for over 90% of the Group's consolidated totals for the six months ended 31 December 2005 and 2004. Consequently, no further segment information by business activity is presented.

The Group's operations are primarily in the People's Republic of China (the "PRC") and the Group's sales, gross profit and total assets attributable to other geographical areas are less than 5% of the Group's corresponding consolidated totals for the six months ended 31 December 2005 and 2004. Consequently, no segment information by geographical area is presented.

**5. Profit from Ordinary Activities before Income Tax**

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

**(a) Finance costs**

	Six months ended 31 December	
	2005 RMB'000	2004 RMB'000
Interest on the guaranteed senior notes issued	72,298	—
Bank and finance charges	11,020	1,301
Interest on bank loans	399	3,333
	<u>83,717</u>	<u>4,634</u>

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## 5. Profit from Ordinary Activities before Income Tax (continued)

## (b) Staff costs

	Six months ended 31 December	
	2005 RMB'000	2004 (As restated) RMB'000
Salaries, wages and other benefits	110,058	85,377
Retirement benefits costs	802	544
Employee share option benefits	17,017	12,355
	<u>127,877</u>	<u>98,276</u>

## (c) Other items

	Six months ended 31 December	
	2005 RMB'000	2004 (As restated) RMB'000
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(18,831)	(150,740)
Amortization of negative goodwill	—	(4,068)
Depreciation of fixed assets, net of amount capitalized	60,932	47,464
Operating lease expenses		
— land and buildings	37,779	29,154
— motor vehicles	51	51
Amortization of prepaid premium for land leases, net of amount capitalized	17,311	9,095
Amortization of computer software development cost	—	9,828
Amortization of deferred development costs	6,050	2,570
Amortization of deferred expenditure, net of amount capitalized	9,035	4,713
Research expenses	23,902	27,005
Share of net profit of associates	(20,401)	(23,157)
Deemed loss on diluting the interest in associates	33,881	—
Exchange loss/(gain)	5,111	(469)
(Gain)/Loss on disposals of fixed assets	(31)	2,821
Bad debts written off	3,743	—
	<u>3,743</u>	<u>—</u>



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## 6. Income Tax

The amount of taxation charged to the consolidated income statement represents:

	Note	Six months ended 31 December	
		2005 RMB'000	2004 RMB'000
PRC income tax	(a)	25	—
Hong Kong profits tax	(b)	—	—
		<u>25</u>	<u>—</u>

Notes:

- (a) Fuzhou Chaoda Modern Agriculture Development Company Limited, the Group's principal subsidiary, was awarded as "State-Level Agricultural Leading Enterprise" of the nation by the central government of the PRC in December 2002. According to the circular Nong Jing Fa [2000] No. 8 and No. 10 jointly issued by Agricultural Ministry, State Development Planning Commission, State Economic & Trade Commission, Ministry of Finance, Ministry of Foreign Trade & Economic Cooperation, People's Bank of China, State Administration of Taxation, Securities Regulatory Commission and Chinese Supply and Marketing Cooperatives, domestic PRC State-Level Agricultural Leading Enterprises are entitled to certain tax benefits including full exemption of income tax. These tax benefits are also applied to other PRC subsidiaries engaged in agricultural business.

Other subsidiaries not engaged in agricultural business are subject to the PRC income tax at the rate of 33%.

- (b) No provision for Hong Kong profits tax has been made as there is no estimated assessable profits for the company and its subsidiaries operating in Hong Kong during the period.

## 7. Dividends

	Six months ended 31 December	
	2005 RMB'000	2004 RMB'000
Final dividend paid, of HK\$0.107 (2004: HK\$0.073) per ordinary share	262,364	181,126
Special dividend paid, of Nil (2004: HK\$0.007) per ordinary share	—	17,368
	<u>262,364</u>	<u>198,494</u>

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### 7. Dividends *(continued)*

At the annual general meeting held on 25 November 2005, final dividend for the year ended 30 June 2005 of HK\$0.107 (equivalent to RMB0.111) per ordinary share was declared. The dividend was paid during the period and the amount was reflected as appropriation of retained earnings for the six months ended 31 December 2005.

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2005 (2004: Nil).

### 8. Earnings Per Share

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of RMB581,326,000 (Six months ended 31 December 2004 (restated): RMB647,068,000) and the weighted average number of 2,363,549,598 (31 December 2004: 2,343,355,436) ordinary shares in issue during the period.

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of RMB581,326,000 (Six months ended 31 December 2004 (restated): RMB647,068,000) and the weighted average number of 2,404,985,247 (31 December 2004: 2,385,318,369) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

#### (c) Reconciliations

	Six months ended 31 December	
	2005 Number of shares	2004 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	2,363,549,598	2,343,355,436
Deemed issue of ordinary shares	41,435,649	41,962,933
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,404,985,247</u>	<u>2,385,318,369</u>

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## 9. Prepaid Premium for Land Leases

	Long-term prepaid rentals <i>Rmb'000</i>	Land use rights <i>Rmb'000</i>	Total <i>Rmb'000</i>
<b>Cost</b>			
Balance as at 1 July 2005, as previously reported	1,936,803	24,041	1,960,844
Reclassifications from fixed assets ( <i>Note (a)</i> )	—	33,109	33,109
Balance as at 1 July 2005, as restated	1,936,803	57,150	1,993,953
Additions	312,750	43,944	356,694
Balance as at 31 December 2005	2,249,553	101,094	2,350,647
<b>Accumulated amortization</b>			
Balance as at 1 July 2005, as previously reported	67,303	950	68,253
Reclassifications from fixed assets ( <i>Note (a)</i> )	—	1,683	1,683
Balance as at 1 July 2005, as restated	67,303	2,633	69,936
Amortization for the period	23,428	713	24,141
Balance as at 31 December 2005	90,731	3,346	94,077
<b>Net carrying value as at 31 December 2005</b>	<b>2,158,822</b>	<b>97,748</b>	<b>2,256,570</b>
<b>Net carrying value as at 1 July 2005</b>	<b>1,869,500</b>	<b>54,517</b>	<b>1,924,017</b>

Notes:

- (a) With adoption of revised HKAS 17, leasehold land, previously accounted for as fixed assets was reclassified to prepaid premium for land leases. The revised accounting policy has been applied retrospectively with comparatives restated in accordance with HKAS 17.

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## 9. Prepaid Premium for Land Leases (continued)

- (b) The Group's interest in long-term prepaid rentals and land use rights represent prepaid operating lease payments and their net book value are analyzed as follows:

	As at 31 December 2005 RMB'000	As at 30 June 2005 RMB'000
In PRC held on:		
Leases of over 50 years	353,891	356,529
Leases of between 10 to 50 years	1,901,942	1,566,621
Lease of less than 10 years	737	867
	<u>2,256,570</u>	<u>1,924,017</u>

- (c) As at 31 December 2005, long-term prepaid rentals for the farmland which has not yet been occupied by the Group amounted to RMB456,000,000 (30 June 2005: RMB586,500,000).

## 10. Interest in Associates

	As at 31 December 2005 RMB'000	As at 30 June 2005 (As restated) RMB'000
Share of net assets		
As at 30 June 2005 and 30 June 2004	527,581	406,181
Share of profit less losses	24,267	131,633
Share of income tax	(3,866)	(10,233)
Deemed loss on diluting the interest in associates	(33,881)	—
As at 31 December 2005 and 30 June 2005	<u>514,101</u>	527,581
Negative goodwill on acquisition less accumulated amortization	—	(130,173)
Amount due from an associate	436	13,559
	<u>514,537</u>	<u>410,967</u>

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**10. Interest in Associates** (continued)

- (a) The amounts represent the share of PRC income tax charged on the assessable profits of Lucky Team Biotech Development (Hepu) Limited ("Hepu"), a wholly owned subsidiary of the associate which is 40% (30 June 2005: 49%) indirectly owned by a wholly owned subsidiary of the Group.

Hepu is a foreign investment enterprise ("FIE") and with its businesses being operated in Guangxi Province in the PRC. The preferential foreign enterprise income tax rate for productive FIEs in the region is 15% up to the year 2010 in accordance with the policy in relation to promoting the economic development of Central and Western China. Hepu is entitled to FIE tax holidays in accordance with the relevant tax rules and regulations applicable to FIEs in the PRC starting from the year ended 30 June 2001 and the tax holidays exemption has been lapsed during the year ended 30 June 2005. Accordingly, Hepu has been subjected to a FIE tax rate of 15% for the six months ended 31 December 2005.

- (b) With adoption of HKFRS 3, negative goodwill on acquisition less accumulated amortization, amounting to RMB130,173,000 has been derecognized as at 1 July 2005 with the corresponding adjustment to the opening balance of retained profits.
- (c) Amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.
- (d) Particulars of the significant associate of the Group at 31 December 2005 are as follows:

Company	Place of incorporation	Principal activity and place of operation	Particulars of issued and paid up capital	Interest held indirectly
Asian Citrus Holdings Limited	Bermuda	Investment holding in Hong Kong	60,775,862 ordinary shares of HK\$0.1 each	40%

Note: This associate company has been listed in the Alternative Investment Market of London Stock Exchange on 3 August 2005. As a result, the interest held indirectly by the Group was diluted from 49% as at 1 July 2005 to 40% as at 31 December 2005. The deemed loss on diluting the interest in associates amounted to RMB33,881,000.

**11. Inventories**

	As at 31 December 2005 RMB'000	As at 30 June 2005 RMB'000
Agricultural materials	9,299	15,654
Merchandise for resale	19,691	6,077
	<b>28,990</b>	<b>21,731</b>

As at 31 December 2005 and 30 June 2005, all inventories were stated at cost.

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**12. Accounts Receivable**

The ageing of the Group's accounts receivable is analyzed as follows:

	As at 31 December 2005 <i>RMB'000</i>	As at 30 June 2005 <i>RMB'000</i>
0 — 1 month	99,603	87,806
1 — 3 months	4,916	395
Over 3 months	2,868	8,777
	<u>107,387</u>	<u>96,978</u>

**13. Amounts due to a Related Company**

The balance arose from purchases of agricultural materials, as detailed in note 22 below, from a company of which Mr. Kwok Ho, the Chairman and a controlling shareholder of the Company, is a major shareholder. They are trading in nature and aged within 30 days.

**14. Accounts Payable**

The ageing of the Group's accounts payable is analyzed as follows:

	As at 31 December 2005 <i>RMB'000</i>	As at 30 June 2005 <i>RMB'000</i>
0 — 1 month	4,582	2,015
1 — 3 months	1,846	1,713
Over 3 months	1,676	1,278
	<u>8,104</u>	<u>5,006</u>

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**15. Bank Loans — Secured**

As at the balance sheet date, the Group has total banking facilities amounted to RMB480,000,000 (30 June 2005: RMB530,000,000) in which RMB7,780,000 (30 June 2005: RMB16,890,000) has been utilized by the Group. These bank loans were repayable within 1 year or on demand and were secured by corporate guarantee provided by one of the subsidiaries.

One of the subsidiaries has entered into an agreement relating to a loan facility of up to RMB450,000,000 (30 June 2005: RMB450,000,000). This facility was secured by a fixed deposit of US\$60,500,000 (equivalent to RMB490,776,000) of the Company and will be due in March 2006.

**16. Guaranteed Senior Notes**

The Group issued US\$225,000,000, 7.75% guaranteed senior notes due on 8 February 2010 (the "Guaranteed Senior Notes") on 7 February 2005 at an issue price of 98.985% (equivalent to RMB1,810,071,000, net of discount capitalized (30 June 2005: equivalent to RMB1,840,905,000, net of discount capitalized)). The Guaranteed Senior Notes are listed on the Singapore Exchange Securities Trading Limited and are guaranteed by certain subsidiaries bearing interest at 7.75% per annum, payable semi-annually in arrears. At any time prior to 7 February 2008, the Company may redeem up to 35% of the principal amount of the Guaranteed Senior Notes with the cash proceeds of one or more sales of the Company's shares in an offering at a redemption price of 107.75% of the principal amount of the Guaranteed Senior Notes, plus accrued and unpaid interest, if any, to the redemption date.

**17. Share Capital**

	Authorized ordinary shares of HK\$0.1 each		
	No. of shares	HK\$'000	RMB'000
As at 31 December 2005 and 30 June 2005	<u>5,000,000,000</u>	<u>500,000</u>	<u>527,515</u>
<hr/>			
	Issued and fully paid ordinary shares of HK\$0.1 each		
	No. of shares	HK\$'000	RMB'000
As at 30 June 2005	2,362,730,250	236,274	250,665
New shares issued upon options exercised under share option scheme	<u>1,150,000</u>	<u>115</u>	<u>120</u>
As at 31 December 2005	<u>2,363,880,250</u>	<u>236,389</u>	<u>250,785</u>





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## 19. Reserves

	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory common reserve RMB'000	Statutory welfare reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 July 2004, as previously reported	1,873,645	94,894	—	523	—	181,022	1,031	2,241,590	4,392,705
Retrospective effect of adoption of HKFRS 2	34,195	—	76,223	—	—	—	—	(110,418)	—
As at 1 July 2004, as restated	1,907,840	94,894	76,223	523	—	181,022	1,031	2,131,172	4,392,705
Premium on repurchased shares	(3,802)	—	—	—	—	—	—	—	(3,802)
New shares issued upon options exercised under share option scheme	41,692	—	(14,933)	—	—	—	—	—	26,759
Transfer to capital redemption reserve	—	—	—	200	—	—	—	(200)	—
Employee share option benefits	—	—	13,371	—	—	—	—	—	13,371
Profit for the year	—	—	—	—	—	—	—	1,297,632	1,297,632
2003/2004 final and special dividends paid	—	—	—	—	—	—	—	(198,494)	(198,494)
Appropriations	—	—	—	—	—	105,710	586	(106,296)	—
As at 30 June 2005	<u>1,945,730</u>	<u>94,894</u>	<u>74,661</u>	<u>723</u>	<u>—</u>	<u>286,732</u>	<u>1,617</u>	<u>3,123,814</u>	<u>5,528,171</u>
As at 1 July 2005, as previously reported	1,896,602	94,894	—	723	—	286,732	1,617	3,247,603	5,528,171
Retrospective effect of adoption of HKFRS 2	49,128	—	74,661	—	—	—	—	(123,789)	—
As at 1 July 2005, as restated	1,945,730	94,894	74,661	723	—	286,732	1,617	3,123,814	5,528,171
Prospective effect of adopting HKFRS 3	—	—	—	—	—	—	—	130,173	130,173
New shares issued upon options exercised under share option scheme	2,323	—	(839)	—	—	—	—	—	1,484
Employee share option benefits	—	—	17,017	—	—	—	—	—	17,017
Profit for the period	—	—	—	—	—	—	—	581,326	581,326
Currency translation differences	—	—	—	—	11,307	—	—	—	11,307
2004/2005 final dividend paid	—	—	—	—	—	—	—	(262,364)	(262,364)
Appropriations	—	—	—	—	—	69,058	591	(69,649)	—
As at 31 December 2005	<u>1,948,053</u>	<u>94,894</u>	<u>90,839</u>	<u>723</u>	<u>11,307</u>	<u>355,790</u>	<u>2,208</u>	<u>3,503,300</u>	<u>6,007,114</u>

## Notes to the Unaudited Condensed Consolidated Interim Accounts

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## 19. Reserves (continued)

	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory common reserve RMB'000	Statutory welfare reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 July 2004, as previously reported	1,873,645	94,894	—	523	—	181,022	1,031	2,241,590	4,392,705
Retrospective effect of adoption of HKFRS 2	34,195	—	76,223	—	—	—	—	(110,418)	—
As at 1 July 2004, as restated	1,907,840	94,894	76,223	523	—	181,022	1,031	2,131,172	4,392,705
Premium on repurchased shares	(3,802)	—	—	—	—	—	—	—	(3,802)
New shares issued upon options exercised under share option scheme	9,942	—	(3,581)	—	—	—	—	—	6,361
Transfer to capital redemption reserve	—	—	—	200	—	—	—	(200)	—
Employee share option benefits	—	—	12,355	—	—	—	—	—	12,355
Profit for the period	—	—	—	—	—	—	—	647,068	647,068
2003/2004 final and special dividends paid	—	—	—	—	—	—	—	(198,494)	(198,494)
Appropriations	—	—	—	—	—	13,147	452	(13,599)	—
As at 31 December 2004	<u>1,913,980</u>	<u>94,894</u>	<u>84,997</u>	<u>723</u>	<u>—</u>	<u>194,169</u>	<u>1,483</u>	<u>2,565,947</u>	<u>4,856,193</u>

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**20. Commitments****(a) Capital commitments**

As at 31 December 2005, the Group had the following capital commitments:

	As at 31 December 2005 RMB'000	As at 30 June 2005 RMB'000
Contracted but not provided for		
— Research and development expenditures	59,200	76,200
— Purchase of fixed assets	162,014	209,987
— Premium payment for land leases	16,797	15,600
	<u>238,011</u>	<u>301,787</u>
Authorized but not contracted for		
— Purchase of fixed assets	192,584	181,622
Total	<u>430,595</u>	<u>483,409</u>

**(b) Operating lease commitments****As lessee**

As at 31 December 2005, the Group had future minimum lease payments of land and buildings under non-cancellable operating leases that are payable as follows:

	As at 31 December 2005 RMB'000	As at 30 June 2005 RMB'000
Within 1 year	81,712	72,654
After 1 year but within 5 years	309,772	272,764
After 5 years	1,468,752	1,334,928
Total	<u>1,860,236</u>	<u>1,680,346</u>

## Notes to the Unaudited Condensed Consolidated Interim Accounts

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**20. Commitments** (continued)**(b) Operating lease commitments** (continued)**As lessor**

As at 31 December 2005, the Group had future minimum lease receipts of land and buildings under non-cancellable operating leases that are receivables as follows:

	As at 31 December 2005 RMB'000	As at 30 June 2005 RMB'000
Within 1 year	886	—
After 1 year but within 5 years	3,607	—
After 5 years	4,338	—
Total	<u>8,831</u>	<u>—</u>

**21. Contingent Liabilities**

The Group did not have any significant contingent liabilities as at the balance sheet date (30 June 2005: Nil).

**22. Related Party Transactions**

The Group entered into the following transactions with related parties during the period:

	Six months ended 31 December	
	2005 RMB'000	2004 RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited		
— Purchase of organic fertilizers	117,473	96,136
福建超大集團有限公司		
— Rental and management fees received	(341)	(363)
福建超大現代種業有限公司		
— Rental and management fees received	<u>(81)</u>	<u>(86)</u>

**22. Related Party Transactions** *(continued)*

*Notes:*

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

**23. Comparatives Figures**

Certain comparative amounts have been reclassified to conform with the current period's presentation.