

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) 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 and the applicable disclosure provisions in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Interim Financial Statements should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2006 (the “2006 Annual Financial Statements”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the 2006 Annual Financial Statements.

The following new standards, amendments to standards and interpretations are relevant to the Group’s operations and are applicable for the year ending 30 June 2007:

HKAS 19 (Amendment)	Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures <sup>1</sup>
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates — Net Investment in a Foreign Operation <sup>1</sup>
HKAS 27 & HKFRS 3 (Amendment)	Consolidation and Separate Financial Statements and Business Combinations — Definition of Subsidiary (and appendix to HKAS 1, Presentation of Financial Statements) <sup>1</sup>
HK(IFRIC) — Int 8	Scope of HKFRS 2 <sup>2</sup>
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2006

<sup>2</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2006

The above mentioned new standards, amendments to standards and interpretations have no material impact on the Group’s financial statements.

The Group has not early adopted the following standards or interpretations relevant to its operations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such standards and interpretations will not result in substantial changes to the Group’s accounting policies.

HKAS 1 (Amendment)	Presentation of Financial Statements — Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments — Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>4</sup>
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment <sup>2</sup>
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions <sup>3</sup>
HK(IFRIC) — Int 12	Service Concession Arrangements <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 November 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2008

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 3. TURNOVER

The principal activities of the Group are the growing and sales of crops, and breeding and sales of livestock. The supermarket business operated by a subsidiary has been ceased during the year ended 30 June 2006.

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	
	2006 RMB'000	2005 RMB'000
Sales of crops	1,676,170	1,233,194
Sales of livestock	20,413	19,340
Supermarket chain operation	—	33,696
	<b>1,696,583</b>	<b>1,286,230</b>

## 4. SEGMENT INFORMATION

Analysis of business segment result for the six months ended 31 December 2006.

	Six months ended 31 December 2006		
	Growing and sales of crops RMB'000	Breeding and sales of livestock RMB'000	Total RMB'000
Sales to external customers	1,676,170	20,413	1,696,583
Cost of sales	(554,462)	(11,356)	(565,818)
Segment results	1,121,708	9,057	1,130,765
Unallocated items:			
Other revenues			49,050
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets			(77,869)
Selling and distribution expenses			(177,989)
General and administrative expenses			(119,601)
Research expenses			(28,638)
Other operating expenses			(63,936)
Profit from operations			711,782
Finance costs			(72,631)
Share of net profit of associates			43,501
Change in fair value of convertible bonds			(101,504)
Profit before income tax			581,148
Income tax			(160)
Profit for the period			<b>580,988</b>

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (Continued)

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

	Six months ended 31 December 2005				Total RMB'000
	Growing and sales of crops RMB'000	Breeding and sales of livestock RMB'000	Supermarket chain operation RMB'000	Inter- segment elimination RMB'000	
Sales to external customers	1,233,194	19,340	33,696	—	1,286,230
Inter-segment sales	2,555	—	—	(2,555)	—
Cost of sales	(387,967)	(6,764)	(30,349)	2,555	(422,525)
Segment results	847,782	12,576	3,347	—	863,705
Unallocated items:					
Other revenues					71,822
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets					18,831
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
Loss on deemed disposal of interest in associates					(33,881)
Profit before income tax					581,374
Income tax					(25)
Profit for the period					<u>581,349</u>

Inter-segment revenue represented 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 2006 and 2005.

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 2006 and 2005. Consequently, no segment information by geographical area is presented.

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 5. PROFIT BEFORE INCOME TAX

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

### (a) Finance costs

	Six months ended 31 December	
	2006	2005
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on the guaranteed senior notes issued	66,914	72,298
Bank and finance charges	5,515	11,020
Interest on bank loans wholly repayable within five years	202	399
	<u>72,631</u>	<u>83,717</u>

### (b) Staff costs

	Six months ended 31 December	
	2006	2005
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	161,816	110,058
Employee share option benefits	61,324	17,017
Retirement benefits costs	1,334	802
	<u>224,474</u>	<u>127,877</u>

### (c) Other items

	Six months ended 31 December	
	2006	2005
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	(30,380)	(22,287)
Investment income	(3,213)	(37,628)
Amortization of deferred development costs	5,363	6,050
Amortization of prepaid premium for land leases, net of amount capitalized	28,597	17,311
Amortization of deferred expenditure, net of amount capitalized	17,904	9,035
Bad debts written (back)/off	(186)	3,743
Cost of inventories sold	565,818	422,525
Depreciation of property, plant and equipment, net of amount capitalized	68,255	60,932
Exchange loss, net	2,851	5,111
Operating lease expenses		
— land and buildings	57,809	37,779
— motor vehicles	51	51
Loss/(Gain) on disposals of property, plant and equipment	4,613	(31)
Share of associates' income tax	6,313	3,866
	<u>6,313</u>	<u>3,866</u>

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 6. INCOME TAX

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

	Notes	Six months ended 31 December	
		2006 RMB'000	2005 RMB'000
Current tax			
— PRC income tax	(a)	160	25
— Hong Kong profits tax	(b)	—	—
		<b>160</b>	<b>25</b>

- (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 PRC subsidiaries not engaged in agricultural business are subject to the PRC income tax at the rates of 15% to 33%.

- (b) No provision for Hong Kong profits tax has been made as there is no estimated assessable profits (Six months ended 31 December 2005: Nil) for the Company and its subsidiaries operating in Hong Kong during the period.

## 7. DIVIDENDS

	Six months ended 31 December	
	2006 RMB'000	2005 RMB'000
Final dividend paid, of HK\$0.114 (2005: HK\$0.107) per ordinary share	<b>268,834</b>	262,364

At the annual general meeting held on 28 November 2006, final dividend for the year ended 30 June 2006 of HK\$0.114 (equivalent to RMB0.115) 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 2006.

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2006 (Six months ended 31 December 2005: Nil).

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of RMB581,445,000 (Six months ended 31 December 2005: RMB581,326,000) and the weighted average number of 2,368,027,478 (31 December 2005: 2,363,549,598) 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 equity shareholders of RMB581,445,000 (Six months ended 31 December 2005: RMB581,326,000) and the weighted average number of 2,428,994,175 (31 December 2005: 2,404,985,247) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme. The convertible bonds outstanding during the period had an anti-dilutive effect on the basic earnings per share amount for the current period.

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

	Six months ended 31 December	
	2006 Number of shares	2005 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>2,368,027,478</b>	2,363,549,598
Deemed issue of ordinary shares — share options	<b>60,966,697</b>	41,435,649
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b><u>2,428,994,175</u></b>	<b><u>2,404,985,247</u></b>

## 9. PROPERTY, PLANT AND EQUIPMENT

	2006 RMB'000	2005 RMB'000
Net book value as at 1 July 2006/1 July 2005	<b>2,243,719</b>	1,866,804
Additions	<b>14,784</b>	130,951
Transfer from construction-in-progress	<b>492,469</b>	523,253
Disposals	<b>(7,445)</b>	(96,724)
Depreciation charges	<b>(102,356)</b>	(180,527)
Currency translation difference	<b>(27)</b>	(38)
Net book value as at 31 December 2006/30 June 2006	<b><u>2,641,144</u></b>	<b><u>2,243,719</u></b>

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 10. PREPAID PREMIUM FOR LAND LEASES

	<b>Long-term prepaid rentals</b> <i>RMB'000</i>	<b>Land use rights</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost</b>			
Balance as at 1 July 2005	1,936,803	57,150	1,993,953
Additions	888,370	43,814	932,184
Early termination of leases	(61,300)	—	(61,300)
	<u>2,763,873</u>	<u>100,964</u>	<u>2,864,837</u>
Balance as at 30 June 2006	2,763,873	100,964	2,864,837
Additions	391,600	31,092	422,692
Early termination of leases	(64,500)	—	(64,500)
	<u>3,090,973</u>	<u>132,056</u>	<u>3,223,029</u>
Balance as at 31 December 2006	3,090,973	132,056	3,223,029
<b>Accumulated amortization</b>			
Balance as at 1 July 2005	67,303	2,633	69,936
Amortization for the year	51,536	2,403	53,939
Early termination of leases	(2,871)	—	(2,871)
	<u>115,968</u>	<u>5,036</u>	<u>121,004</u>
Balance as at 30 June 2006	115,968	5,036	121,004
Amortization for the period	32,185	2,132	34,317
Early termination of leases	(1,294)	—	(1,294)
	<u>146,859</u>	<u>7,168</u>	<u>154,027</u>
Balance as at 31 December 2006	146,859	7,168	154,027
<b>Net carrying value as at 31 December 2006</b>	<b><u>2,944,114</u></b>	<b><u>124,888</u></b>	<b><u>3,069,002</u></b>
<b>Net carrying value as at 30 June 2006</b>	<b><u>2,647,905</u></b>	<b><u>95,928</u></b>	<b><u>2,743,833</u></b>
		<b>31 December 2006</b> <i>RMB'000</i>	30 June 2006 <i>RMB'000</i>
Non-current portion		<b>3,000,024</b>	2,653,230
Current portion		<b>68,978</b>	90,603
		<b><u>3,069,002</u></b>	<b><u>2,743,833</u></b>

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 10. PREPAID PREMIUM FOR LAND LEASES (Continued)

Notes:

- (a) 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:

	31 December 2006 RMB'000	30 June 2006 RMB'000
In PRC held on:		
Leases of over 50 years	431,617	351,253
Leases of between 10 to 50 years	2,637,385	2,392,580
	<u>3,069,002</u>	<u>2,743,833</u>

- (b) As at 31 December 2006, long-term prepaid rentals for the farmland which has not yet been occupied by the Group amounted to RMB768,000,000 (30 June 2006: RMB780,500,000).

## 11. BIOLOGICAL ASSETS

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
Balance as at 1 July 2005	261,092	15,974	261,606	5,179	543,851
Additions	138,247	37,546	821,982	19,550	1,017,325
Decrease due to sales	(47,374)	(14,239)	(768,329)	—	(829,942)
Gain/(loss) arising from changes in fair value less estimated point-of-sale costs	21,816	(6,085)	137,328	—	153,059
Balance as at 30 June 2006	373,781	33,196	452,587	24,729	884,293
Additions	364,851	25,668	389,007	3,639	783,165
Decrease due to sales	(84,751)	(11,318)	(443,814)	—	(539,883)
Gain/(loss) arising from changes in fair value less estimated point-of-sale costs	11,019	(16,849)	(72,039)	—	(77,869)
<b>Balance as at 31 December 2006</b>	<b>664,900</b>	<b>30,697</b>	<b>325,741</b>	<b>28,368</b>	<b>1,049,706</b>

Biological assets as at 30 June 2006 and 31 December 2006 are stated at fair values less estimated point-of-sale costs and are analyzed as follows:

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	31 December 2006 RMB'000	30 June 2006 RMB'000
Non-current portion	664,900	30,697	—	28,368	723,965	431,706
Current portion	—	—	325,741	—	325,741	452,587
	<u>664,900</u>	<u>30,697</u>	<u>325,741</u>	<u>28,368</u>	<u>1,049,706</u>	<u>884,293</u>



# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 11. BIOLOGICAL ASSETS (Continued)

- (a) The fair value of fruit trees and tea trees and livestock are determined by the directors with reference to the methodology and assumption adopted in the valuation for the year ended 30 June 2006.
- (b) The fair value of vegetables are determined by the directors with reference to market-determined prices, cultivation area, species, growing conditions, cost incurred and expected yield of the crops.
- (c) The trees in plantation forest represented the growing of eucalyptus and were cultivated at initial stage. The directors considered that the fair value of eucalyptus was largely approximate to the cost incurred after taking into consideration of the growing conditions and the period of plantation.

## 12. INTEREST IN ASSOCIATES

	Notes	31 December 2006 RMB'000	30 June 2006 RMB'000
Share of net assets			
Balance as at 1 July		593,394	527,581
Share of associates' result for the period/year			
— profit before income tax		49,814	123,477
— income tax	(a)	(6,313)	(20,164)
Investment in an associate		4,000	—
Increase in equity interest in an associate company		—	30
Loss on deemed disposal of interest in associates		—	(37,530)
Dividend received		(14,964)	—
		<b>625,931</b>	593,394
Balance as at 31 December and 30 June			
Amount due from an associate	(b)	418	403
		<b>626,349</b>	593,797

- (a) The amounts represent the share of PRC income tax charged on the assessable profits of Lucky Team Biotech Development (Hepu) Limited, a wholly owned subsidiary of Asian Citrus Holdings Limited ("Asian Citrus") which is 39% (30 June 2006: 39%) directly owned by a wholly owned subsidiary of the Group.
- (b) Amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.
- (c) Particulars of the principal associate of the Group at 31 December 2006 are as follows:

Company	Place of incorporation	Principal activity and place of operation	Particulars of issued and paid up capital	Interest held directly
Asian Citrus*	Bermuda	Investment holding in Hong Kong	62,317,449 ordinary shares of HK\$0.1 each	39%

\* Listed on the Alternative Investment Market of London Stock Exchange

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 13. AVAILABLE-FOR-SALE INVESTMENTS

Included in available-for-sale investments are equity securities of a company listed in Hong Kong stated at market value of HK\$426,000,000 (equivalent to RMB423,870,000) and the gain arising from the change in the fair value of RMB304,470,000 for the six months ended 31 December 2006 has been directly recorded in investment revaluation reserve account.

## 14. ACCOUNTS RECEIVABLE

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

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

	<b>31 December 2006</b> <i>RMB'000</i>	30 June 2006 <i>RMB'000</i>
0 — 1 month	<b>113,232</b>	87,825
1 — 3 months	<b>5,303</b>	3,167
Over 3 months	<b>8,082</b>	5,621
	<b>126,617</b>	96,613

## 15. 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. The balance was aged within 30 days as of the interim balance sheet date.

## 16. ACCOUNTS AND BILLS PAYABLE

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

	<b>31 December 2006</b> <i>RMB'000</i>	30 June 2006 <i>RMB'000</i>
0 — 1 month	<b>2,544</b>	7,265
1 — 3 months	<b>3,059</b>	1,378
Over 3 months	<b>2,444</b>	2,202
	<b>8,047</b>	10,845

At the balance sheet date, bills payable amounting to RMB2,556,000 (30 June 2006: RMB4,139,000) were secured by a corporate guarantee provided by one of the subsidiaries (note 17).

## 17. BANK LOANS — SECURED

At 31 December 2006, all bank loans of RMB10,000,000 (30 June 2006: RMB10,000,000) are secured and repayable within one year.

At 31 December 2006, the Group had total banking facilities amounting to RMB46,000,000 (30 June 2006: RMB65,000,000) in which RMB10,000,000 of bank loans and RMB2,556,000 of bills payable have been utilized (30 June 2006: RMB10,000,000 and RMB4,139,000). These banking facilities were secured by a corporate guarantee provided by one of the subsidiaries.

## 18. GUARANTEED SENIOR NOTES

The Company issued US\$225,000,000, 7.75% guaranteed senior notes due on 8 February 2010 (the "Guaranteed Senior Notes") in February 2005 at an issue price of 98.985% (equivalent to RMB1,735,295,000 at 31 December 2006, net of discount capitalized) (30 June 2006: equivalent to RMB1,794,501,000, 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.

## 19. CONVERTIBLE BONDS

In May 2006, the Company issued HK\$1,344,000,000 (equivalent to RMB1,384,320,000 at the date of issue) zero coupon convertible bonds to the bond holders with a maturity date due on 8 May 2011. The convertible bonds are listed on the Stock Exchange and are guaranteed by certain subsidiaries of the Group.

Each convertible bond would, at the option of the bond holder, be convertible on and after 15 May 2006 up to and including 28 April 2011 into ordinary share (the "Shares") of the Company at an initial conversion price of HK\$6.72 per share subject to adjustment. The conversion price will be reset to the average market price of the Shares on the respective dates as stipulated in the Company's issuing circular dated 3 May 2006. The convertible bonds that are not converted into ordinary shares will be redeemed at 128.01% of its principal amount on the maturity date. Please refer to the Company's issuing circular dated 3 May 2006 for the details of the terms of the convertible bonds.

The presentation currency of the Group is Renminbi and the convertible bonds are denominated in Hong Kong dollars. Since the conversion price for the convertible bonds is subject to change, the conversion will not result in settlement by the exchange of a fixed number of equity instrument. Therefore, upon application of HKAS 32 and HKAS 39, the Group determined that the convertible bonds do not contain any equity component and the entire convertible bonds were designated as "financial liabilities at fair value through profit or loss" which requires the convertible bonds to be carried at fair value at the balance sheet date and the changes in fair values are recognized in the income statement.

The movement of the fair value of the convertible bonds for the six months ended 31 December 2006 is set out as below:

	<i>RMB'000</i>
Proceeds of issue	1,384,320
Changes in fair value and charged to income statement	5,135
	<hr/>
Balance at 30 June 2006	1,389,455
Changes in fair value and charged to income statement	101,504
Currency translation difference charged to exchange reserve	(47,214)
	<hr/>
<b>Balance at 31 December 2006</b>	<b><u><u>1,443,745</u></u></b>

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 19. CONVERTIBLE BONDS (Continued)

The fair value of the convertible bonds was calculated using the market value basis. The inputs into the model were as follows:

Stock price	HK\$5.01
Expected volatility	45%
Stock borrow cost	9%
Issuer's credit spread	2%
Expected dividend yield	2%

## 20. SHARE CAPITAL

	Authorized ordinary shares of HK\$0.1 each		
	No. of shares	HK\$'000	RMB'000
At 31 December 2006 and 30 June 2006	5,000,000,000	500,000	527,515
	Issued and fully paid ordinary shares of HK\$0.1 each		
	No. of shares	HK\$'000	RMB'000
At 1 July 2005	2,362,730,250	236,274	250,665
New shares issued upon options exercised under share option scheme	3,932,000	393	406
At 30 June 2006	2,366,662,250	236,667	251,071
New shares issued upon options exercised under share option scheme	5,662,000	566	564
<b>At 31 December 2006</b>	<b>2,372,324,250</b>	<b>237,233</b>	<b>251,635</b>

## 21. COMMITMENTS

### (a) Capital commitments

At 31 December 2006, the Group had the following capital commitments:

	31 December 2006	30 June 2006
	RMB'000	RMB'000
Contracted but not provided for		
— Research and development expenditures	25,630	27,400
— Purchase of property, plant and equipment	80,241	68,754
— Premium payment for land leases	10,600	10,600
Total	116,471	106,754

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

## 21. COMMITMENTS (Continued)

### (b) Operating lease commitments

#### As lessee

At 31 December 2006, the Group had future minimum lease payments of land and buildings under non-cancellable operating leases that are payable as follows:

	31 December 2006 RMB'000	30 June 2006 RMB'000
Within 1 year	110,402	100,488
After 1 year but within 5 years	424,190	386,082
After 5 years	1,956,443	1,795,239
Total	<u>2,491,035</u>	<u>2,281,809</u>

#### As lessor

At 31 December 2006, the Group had future minimum lease receipts of land and buildings under non-cancellable operating leases that are receivables as follows:

	31 December 2006 RMB'000	30 June 2006 RMB'000
Within 1 year	886	886
After 1 year but within 5 years	3,643	3,620
After 5 years	3,416	3,855
Total	<u>7,945</u>	<u>8,361</u>

## 22. RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2006 RMB'000	2005 RMB'000
Fujian Chaoda Agricultural Produce Trading Company Limited		
— Purchase of organic fertilizers	130,691	117,473
— Rental and management fee received	(23)	—
福建超大集團有限公司		
— Rental and management fee received	(227)	(341)
福建超大現代種業有限公司		
— Rental and management fee received	(86)	(81)
超大生物技術有限公司		
— Rental and management fee received	(3)	—
	<u>          </u>	<u>          </u>

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.