ANNUAL REPORT
年報 2013

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中國天溢控股有限公司
China Tianyi Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 00756

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Sin Ke *(Chairman and President)*
Mr. San Kwan

Non-Executive Director

Mr. Chen Qiuming *(appointed on 5 July 2012 and resigned on 30 June 2013)*

Independent Non-Executive Directors

Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

COMPANY SECRETARY

Ms. Leung Pui Shan *HKICPA*

AUTHORISED REPRESENTATIVES

Mr. San Kwan
Ms. Leung Pui Shan *HKICPA*

AUDIT COMMITTEE

Mr. Zhuang Xueyuan *(Chairman)*
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

REMUNERATION COMMITTEE

Mr. Zhuang Xueyuan *(Chairman)*
Mr. Sin Ke
Mr. Zhuang Weidong

NOMINATION COMMITTEE

Mr. Sin Ke *(Chairman)*
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2311, Tower One, Times Square
1 Matheson Street, Causeway Bay, Hong Kong

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

AUDITORS

SHINEWING (HK) CPA Limited

LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Xiamen International Bank
Agricultural Bank of China
Bank of China (H.K.)
Cathay United Bank

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

COMPANY WEBSITE

www.tianyi.com.hk

Financial Summary

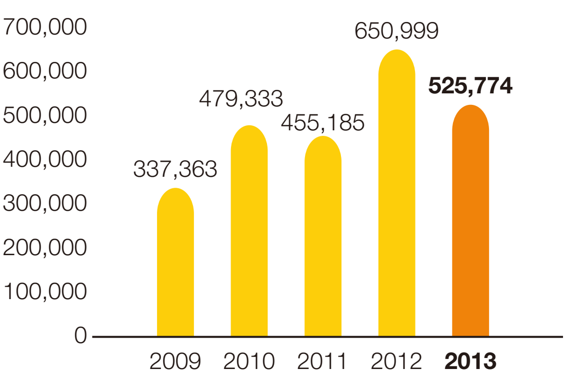
FOR THE YEAR ENDED 30 JUNE

FINANCIAL HIGHLIGHTS

	2013 RMB'000	2012 RMB'000	Change % (Approximately)
Statement of profit or loss and other comprehensive income			
Revenue	**525,774**	650,999	-19.2%
Gross profit	**198,032**	247,940	-20.1%
Gross profit margin	**37.7%**	38.1%	-0.4pp
Profit for the year	**67,074**	250,262	-73.2%
EBITDA	**174,516**	301,082	-42.0%
Basic EPS (RMB cents)	**6**	22	-72.7%
Final dividend (HK$ cents)	**2.5**	–	N/A
Statement of financial position			
Cash and cash equivalents	**488,913**	513,199	-4.7%
Inventories	**32,806**	33,892	-3.2%
Trade receivables	**66,459**	102,385	-35.1%
Secured bank loans	**185,690**	143,740	29.2%
Convertible bonds	**199,369**	181,731	9.7%
Net assets value ("NAV")	**1,380,138**	1,287,216	7.2%

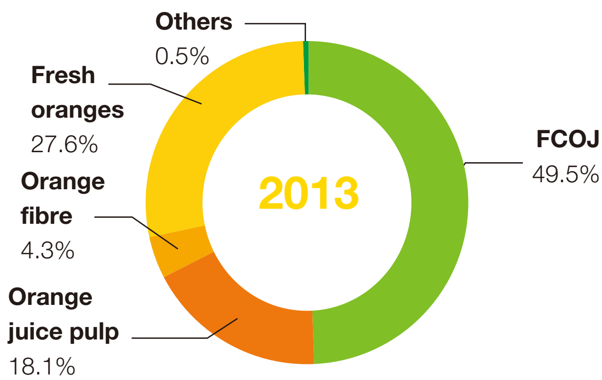
REVENUE

(RMB'000)



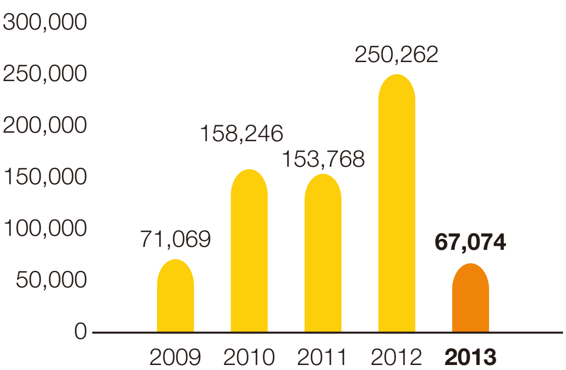
REVENUE BREAKDOWN

(Approximate percentage)



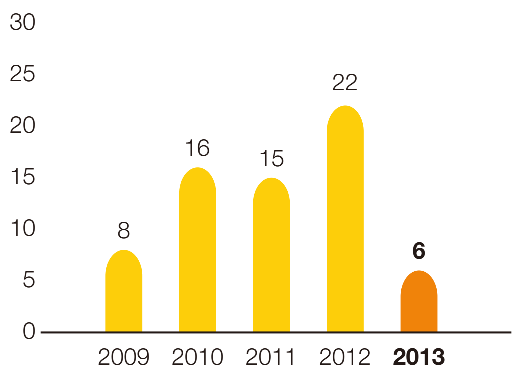
NET PROFIT

(RMB'000)



BASIC EPS

(RMB cents)



Chairman's Statement

I am very pleased to present to the shareholders (the "Shareholders") of China Tianyi Holdings Limited (the "Company") the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2013 (the "Reporting Period").

China's economic growth has slowdown in 2012. China government is now reducing its dependence on investment for growth and rebalancing to allow consumption to play a bigger role in its GDP. In spite of the economic slowdown in China, China's beverage industry's performance is outshining others. The China's juice beverage market is entering into a consolidation stage. Competition is keen among giant beverage players. Branding, product quality control and development of new products will be the key successful factors in the industry.

During the Reporting Period, severe decrement in the futures price of international frozen concentrated orange juice (the "FCOJ") coupled with the potential contamination of the pesticide carbendazim found in orange juice imported from Brazil resulted in the anxiety of health concern of the consumers in China have caused the selling price and the quantities of products of the sales contract signed with the major customers of the Group reduced. The shipment of our products and realisation of sales decreased during the Reporting Period, the Group's revenue and attributed profits to owners of the Company were therefore negatively affected. Attributed profits to owners of the Company were approximately RMB67,074,000, decreased by approximately 73.2% from the same period last year. Reasons for the decline in profits also included the expenses from one-time profit tax due to liquidation of orange plantation business in Fujian Province (approximately RMB33 million), non-cash amortisation expenses of convertible bonds issued in the year 2012 (approximately RMB24 million) and the non-cash expenses of newly issued share option during the Reporting Period (approximately RMB17 million).

STRATEGY OVERVIEW

With the benefit from today's per capita spending power and higher standards of living of Chinese people, the demand of domestic consumption of juice continuously increased. Orange juice is the major category among the juice beverage product. With the steady growth in the Chinese juice beverage market in recent years, there will be a bright future for the orange juice market.

Robust Domestic Market Demand – China's economy is transforming from the external demand-driven market to the domestic demand-driven and consumption-oriented market. Orange juice contains variety of nutrition value, and these attract Chinese people to pursue for green and healthy food. Eventually, the Chinese beverage market continues to grow. The demand of green and healthy food creates a development opportunity for the concentrated orange juice market in the future. This also attracts the world's leading beverage manufacturers to increase their investment in the China market. Being a leader in the China FCOJ industry, the Group's high quality products can satisfy the customers' requirements. Also, in terms of product development, the Group can establish a long-term strategic relationship with high-quality customers.

Chairman's Statement

Supported by the Nation's Twelfth Five-Year Plan – In early 2012, "The Twelfth Five-Year Plan for Food Industry Development" (the "Plan") was jointly issued by the National Development and Reform Commission and the Ministry of Information Industry. It was stated in the Plan that Chongqing, Hubei and Sichuan were proposed to be the key areas for developing FCOJ business to cope with consumption demand and facilitate an effective supply chain. During the Reporting Period, the Group adjusted its upper steam orange plantation areas by returning and closing down all planation business in the Fujian Province, and speeding up investment in the new Chongqing plantations. An addition of RMB335,593,000 was invested during the Reporting Period for building the roads and irrigation system in the new Chongqing plantations. And the first harvest of approximately 21,000 mu (equivalent to 14 km^2) of orange planation is expected in the fourth quarter of 2013, which a new charter of pleasant investment return period will begin soon after years of capital investment in this area. The Group has existing 55,000 mu of orange plantations in the planned regions at Chongqing. With the selected desirable saplings for cultivation, the supply of oranges for processing can be expanded. Despite seeking the opportunity of new acquisition, the Group will continue to expand its production capacity of the plantations and processing plants, in order to maintain the leading position in the industry.

Completion of Strategic Production Network – The Group own concentrated orange juice processing facilities (the "Facilities") in China's three major citrus plantation areas (including Chongqing, Fujian, and Hunan). The Facilities are located nearby citrus producing areas which can reduce transportation costs. In addition, the Facilities are located from the upstream, midstream and downstream of the Yangtze River which is very friendly with our customers' beverage production plant's strategic layout in China. The Group provides inventory management services for specific customers, customers can pick up products from the Company's Facilities as needed at any time. This helps our customers to reduce transportation and logistics costs significantly.

Quality Recongised by International Brands – The Group pays high attention to product quality and safety. The Group has gained high recognition from both domestic and international renowned beverage manufacturers for the selected types of orange saplings and fertilising and growing process. In addition, the Group has set up a strict testing and production standards to manage the production process. These can ensure that the Group's production process is strictly complied with the international food safety production standards and the domestic environmental protection requirements.

Chairman's Statement

GRANT OF SHARE OPTIONS

Pursuant to the share option scheme (the "Scheme") adopted by the Company on 7 June 2008 and refreshed at the annual general meeting held on 5 November 2012, the board (the "Board") of directors (the "Directors") of the Company was authorised to grant the share options to qualified participants. The purpose of the Scheme is to provide additional incentive in order to attract and retain qualified personnel, as well as to promote the success of the Group. After the refreshment of the Scheme, the Company granted 62,400,000 share options and 57,200,000 share options to qualified participants on 4 January 2013 and 21 March 2013 respectively.

FINAL DIVIDENDS

In appreciation of the Shareholders' support, the Directors recommended the payment of a final dividend of HK$2.5 cents per share of the Company (the "Shares") for the Reporting Period to all Shareholders whose names appear on the register of members of the Company on 6 November 2013. Subject to the approval of the Shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on or about 18 November 2013. The proposed final dividend together with the interim dividend of HK$1.5 cents per share paid on 10 May 2013, amounts to a total dividend for the Reporting Period of HK$4 cents per Share.

INVESTOR RELATIONS

One of the main duties of the Board is to maintain good communications with the Shareholders and potential investors. The Group's management paid regular visits to domestic and overseas prestigious institutional investors and private client investment advisors, as well as attended investor conferences, in order to provide the Shareholders and potential investors a thorough understanding of the Group's strategy and the latest business development. It is hoped that by such communication, the Company can enhance the transparency and strength the relationships with investors.

PROSPECTS

The juice beverage consumption of the Chinese people is still far behind the world's average consumption. Looking to the future, the improvement of Chinese people's per capita income, consumption levels and awareness of health will turn the demand of beverage products to nutrition and healthy drinks. Thus, it is expected that the demand of high quality juice beverage will continue to increase.

With the implementation of agricultural development by the Chinese government, the green ecology, expansion of domestic demand, and the integration of the industry to improve the centralisation and competition of the business environment, the Group will face better business development and opportunities and will continue to strength its core business. The Group will capture every business opportunity to expand the production capacity and proactively seek opportunities for merger and acquisition of high quality concentrated orange juice processing facilities. At the same time, the Group will expand the existing plantation areas in order to stabilise the supply of high quality raw materials. The Group will actively approach the new customers and maintain the good business relationships with existing customers, in order to further expand the market share of concentrated orange juice.

Chairman's Statement

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to every Shareholder, customers and business partners for their support. I would also like to thank our excellent management team and employees for their efforts. The Group will continue to enhance our core competence and strive to become the leading producer in the China's juice beverage industry.

Sin Ke
Chairman

Hong Kong, 11 September 2013

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in processing and selling of FCOJ and its related products, including fresh oranges and orange peels. FCOJ is the primary raw material for the production of orange juice beverages. The Group has a total of three highly efficient production plants strategically located in China's major citrus growing areas (Chongqing, Fujian and Hunan). The Group adopts an integrated business model and is one of the few concentrated orange juice processors operating its own upstream orange farms. Rapid urbanisation in China has not only led to improved lifestyles but also sparked a trend of health consciousness. The demand for nutritious and healthy beverage products has continued to grow rapidly in China, which creates significant growth opportunities for the Group.

According to the statistics issued by the China Beverage Industry Association (中國飲料工業協會), the Group is one of the leading producers in the FCOJ industry in China in many regards. During the Reporting Period, the industry in China suffered from severe fluctuation in the international FCOJ futures price, major customers of the Group reduced their business with the group by changing the quantities of contract executed. Nevertheless, benefiting from the Group's dedicated efforts and experience, the Group has performed well in terms of profit margins and expense control relative to the industry in which we operate.

In recent years, with economic development in China, consumers desire better standards of living. Not-from-concentrated, NFC, orange juice, without pollution, nor pesticide residue, become the common choice for consumers everywhere craving for natural and healthy juice. NFC orange juice also opens a new chapter of business opportunity for the Group. NFC orange juice as literally explained is not-from concentrated orange juice, so NFC orange juice will have much better flavor, profound taste, and nutrition. In order to seize such business opportunity, the Group is speeding up the building progress for the foundation of NFC orange juice industry. The Group will continue in investing in research and development, orange plantations, and production capacity in order to ensure to meet up the needs for NFC orange juice production, no matter for the needs of raw material and production requirements. The Group will also continue to enrich products varieties to meet the demands from the market and consumers. To ride on current favorable market conditions, the Group is engaging in preliminary discussion with several well-known companies/clients for business expansion. The management is dedicated to create another peak for value creation for the Shareholders.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the years ended 30 June 2013 and 2012 are set out as follows:

	2013		2012	
	RMB'000	Approximate percentage of total revenue	RMB'000	Approximate percentage of total revenue
Sales of orange juice products				
– Sales of FCOJ	**260,217**	**49.5%**	254,099	39.0%
– Sales of orange juice pulp	**95,072**	**18.1%**	221,900	34.1%
– Sales of orange fibre	**22,717**	**4.3%**	30,147	4.6%
– Others	**2,495**	**0.5%**	5,632	0.9%
	380,501	**72.4%**	511,778	78.6%
Sales of fresh oranges	**145,273**	**27.6%**	139,221	21.4%
Total revenue	**525,774**	**100.0%**	650,999	100.0%

Management Discussion and Analysis

During the Reporting Period, the Group's revenue dropped from approximately RMB650,999,000 for the last year to approximately RMB525,774,000 representing an approximately 19.2% decrease.

Sales of orange juice products

The sales of the Group's orange juice products, including FCOJ, orange juice pulp and orange fibre, decreased from approximately RMB511,778,000 for the last year to approximately RMB380,501,000 for the Reporting Period. Sales of FCOJ increased by approximately 2.4% from approximately RMB254,099,000 for the last year to approximately RMB260,217,000. Sales of orange juice pulp decreased by approximately 57.2% from approximately RMB221,900,000 for the last year to approximately RMB95,072,000. Sales of orange fibre dropped by approximately 24.6% from approximately RMB30,147,000 for the last year to approximately RMB22,717,000.

Sales of fresh oranges

During the Reporting Period, there is a decrease in average selling price of fresh oranges while the sales quantities of fresh oranges increased. Sales of fresh oranges increased by approximately 4.3% from approximately RMB139,221,000 for the last year to approximately RMB145,273,000.

Volume of oranges

The Group operates orange plantations and uses the lower-grade oranges harvested from these plantations as raw materials for producing FCOJ and its related products, whereas the remaining higher-grade oranges are sold fresh. In addition to use its own plantations grown oranges, the Group also purchases oranges from independent third parties to produce FCOJ and its related products. The volume of oranges growing from the Group's own orange farms and the volume of purchased oranges for the years ended 30 June 2013 and 2012 are set out as follows:

	2013 approximate tonnes	2012 approximate tonnes
Output of oranges from own orange plantations		
– Fresh oranges for sale	**81,170**	69,000
– Oranges for processing	**61,715**	44,000
	142,885	113,000
Purchased oranges for processing	**144,188**	201,000
Total	**287,073**	314,000

Gross Profit

During the Reporting Period, the Group's gross profit in the consolidated statement of profit or loss and other comprehensive income decreased by approximately 20.1% to approximately RMB198,032,000 as compared to approximately RMB247,940,000 for the last year, mainly due to the decrease in the sales volume of orange juice products. The gross profit margin of the Group slightly decreased to approximately 37.7% (2012: approximately 38.1%).

Management Discussion and Analysis

Gain from changes in fair value of biological assets less costs to sell

During the Reporting Period, the Group's gain from changes in fair value of biological assets less costs to sell was approximately RMB30,455,000 (2012: approximately RMB108,511,000). The significant dropped was due to the decrease in selling price of fresh oranges and oranges for processing at the point of harvest during the Reporting Period.

Distribution Costs and Administrative Expenses

Distribution costs of the Group are mainly comprised of sales commission and transportation costs. The distribution costs decreased by approximately 25.1% from approximately RMB10,565,000 for the last year to approximately RMB7,917,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses slightly increased by approximately 2.9% from approximately RMB67,367,000 for the last year to approximately RMB69,322,000 for the Reporting Period.

Other Operating Expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB17,274,000 (2012: approximately RMB12,456,000). The amount mainly comprised of share option expenses for the share options issued during the Reporting Period, while the amount for the last year comprised of impairment loss of the indemnification assets. Both expenses are non-cash items and one-off in nature.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB43,935,000 (2012: approximately RMB26,716,000). The increase was due to the interest incurred under the Convertible Bonds (as defined hereinbelow) issued in the last year. Among the finance costs, approximately RMB24,192,000 (2012: approximately RMB17,275,000) was the imputed interest expenses on Convertible Bonds, which is non-cash item.

Tax Expenses and Tax Rate

The Group has been granted PRC enterprise income tax exemption for its orange juice processing business since 1 January 2011. As the Group has already been exempted from PRC enterprise income tax for its fresh orange cultivation and sales of fresh orange business, the Group has not been subject to any PRC enterprise income tax of its business since 1 January 2011. However, with the acquisition of the Global One Management Limited and its subsidiaries in the last year, PRC enterprise income tax has been imposed on the revenue generated by the Group for further processing of orange juice products. Except for the above transaction, all the Group companies are exempted from the PRC enterprise income tax for the Reporting Period.

During the Reporting Period, one of the subsidiaries of the Group closed down all plantation business in Fujian due to urbanisation and rapidly increasing in cost. According to PRC Corporate Income Tax, the retained earnings of the subsidiary are subjected to Corporate Income Tax at 25%, in which is one-off item.

Net profit

During the Reporting Period, the Group's net profit dropped by approximately 73.2% to approximately RMB67,074,000 as compared to approximately RMB250,262,000 for the last year.

Final Dividend and Closure of the Register of Members

The Board recommends the payment of a final dividend of HK$2.5 cents (2012: nil) per share payable to the Shareholders whose names appear on the register of members of the Company on Wednesday, 6 November 2013. Subject to approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 28 October 2013 (the "AGM"), it is expected that those dividends will be paid on or about Monday, 18 November 2013. Together with the 2013 interim dividend of HK$1.5 cents (2012: nil) per Shares paid on 10 May 2013, the total dividends for the Reporting Period amounted to HK$4 cents (2012: nil) per Shares, representing a dividend payout of approximately 57.3% (2012: nil).

For determining the entitlement to the final dividend, the register of members of the Company will be closed from Tuesday, 5 November 2013 to Wednesday, 6 November 2013 (both days inclusive) during which period no Shares transfer will be effected. To be qualified for the final dividend, all unregistered transfers should be lodged with the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 November 2013.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2013, current assets amounted to approximately RMB900,060,000 (2012: approximately RMB796,631,000). Current liabilities were approximately RMB245,522,000 (2012: approximately RMB170,132,000).

Financial Resources

As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB488,913,000 (2012: approximately RMB513,199,000); total secured bank loans of RMB185,690,000 (2012: RMB143,740,000); and outstanding Convertible Bonds of approximately RMB199,369,000 (2012: approximately RMB181,731,000).

As at 30 June 2013, the Group had trade receivables of approximately RMB66,459,000 (2012: approximately RMB102,385,000) and inventories of approximately RMB32,806,000 (2012: approximately RMB33,892,000). The Group has a lower trade receivables and maintained similar level of inventories as compared to last year. The decrease in trade receivables was mainly due to prompt settlements from customers during the Reporting Period.

Gearing

On 18 May 2012, the Company issued the 3.5% p.a. coupon Convertible Bonds in an aggregate principal amount of HK$232,800,000 to be due on the third anniversary of the date of issue to CITIC Capital China Access Fund Limited (the "Convertible Bonds"), details of which are set out in the announcements of the Company dated 9 May 2012 and 18 May 2012. On 30 June 2013, the Company has the Convertible Bonds with the outstanding principal amount of HK$232,800,000 (2012: HK$232,800,000).

As at 30 June 2013, the total secured bank loans amounted to RMB185,690,000 (2012: RMB143,740,000), of which RMB117,800,000 was secured by cash deposited in offshore bank account (2012: RMB117,800,000). The secured bank loan of RMB2,550,000 was an interest-free entrusted bank loan granted by a local finance bureau in the PRC (2012: RMB5,100,000).

Management Discussion and Analysis

The secured bank loans amounted to RMB123,690,000 (2012: RMB114,190,000) and RMB59,450,000 (2012: RMB24,450,000) bore interest at floating rates and fixed rates respectively. All secured bank loans were denominated in RMB and were repayable within one year.

The Board's approach to manage the Group's working capital is to ensure sufficient liquid assets to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group's reputation.

	2013	2012
Quick ratio (x)	**3.2**	4.0
Current ratio (x)	**3.7**	4.7
Gearing ratio *(note (a))*	**27.9%**	25.3%

note (a) Gearing ratio is defined as sum of secured bank loans and convertible bonds over total equity.

Capital Structure

As at 30 June 2013, the total number of issued Shares was 1,231,572,727 Shares. Based on the closing price of HK$1.36 per Share as at 28 June 2013, the Company's market value as at 28 June 2013 was HK$1,674,938,909.

FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were dominated in RMB. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group's operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Reporting Period.

PLEDGE OF ASSETS

As at 30 June 2013, the Group pledged property, plant and equipment of approximately RMB117,190,000 (2012: approximately RMB65,227,000), land use rights of approximately RMB15,848,000 (2012: approximately RMB7,646,000) and bank deposits of approximately RMB120,350,000 (2012: approximately RMB122,900,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

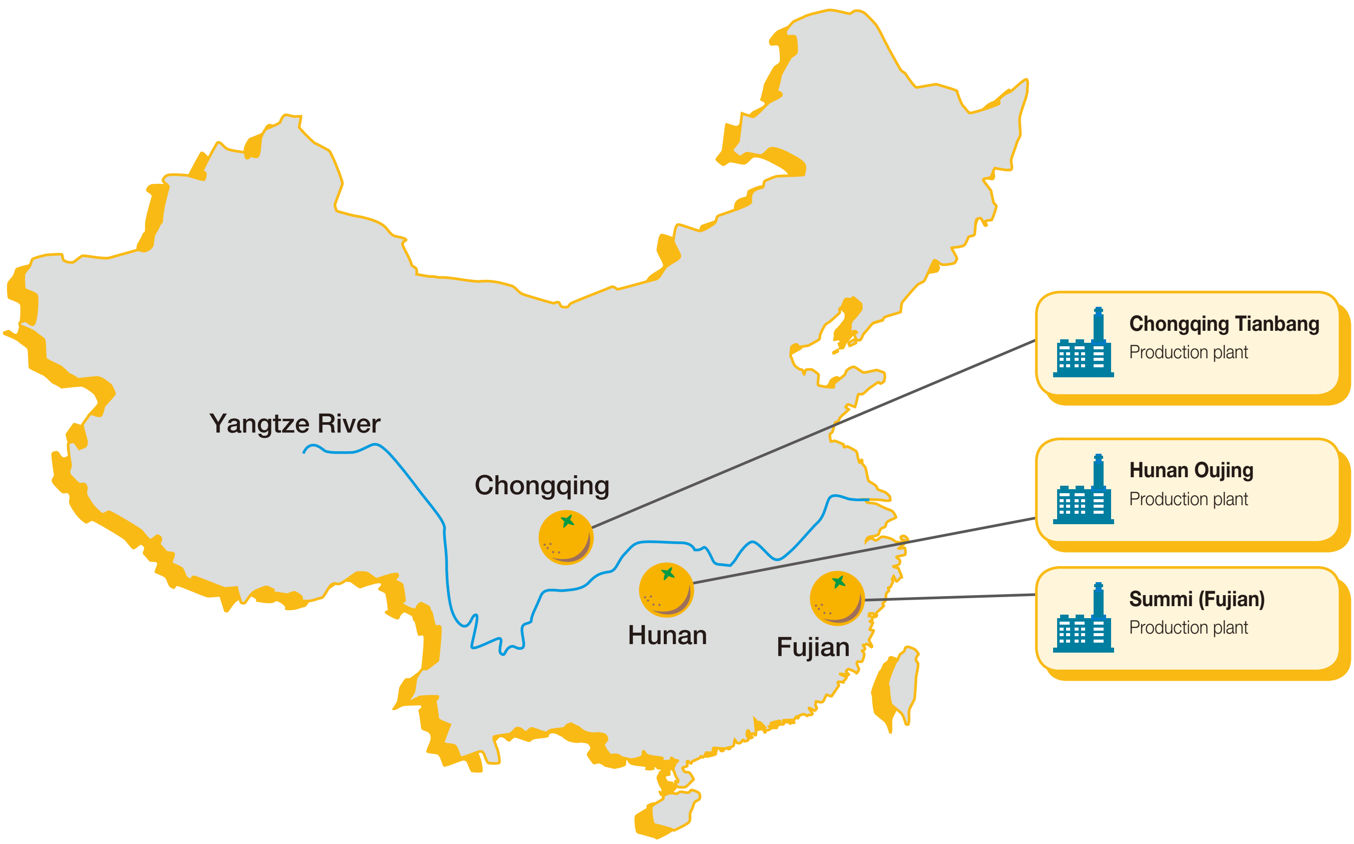
As at 30 June 2013, the Group had no material contingent liabilities (2012: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB335,593,000 (2012: approximately RMB386,466,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations in Chongqing.

Management Discussion and Analysis

PLANTATIONS AND PLANTS



Orange Plantations

The Group operates approximately 55,000 mu (equivalent to 36.7 km²) of orange plantations with fruit trees and approximately 91,000 mu (equivalent to 60.6 km²) of plantations under construction in Chongqing.

Productivity of orange plantations

	2013	2012
Area of own orange plantations with fruit trees	**55,000 mu**	40,000 mu
Average output per mu	**1.9 tonnes**	2.8 tonnes
Area of own orange plantations under construction*	**91,000 mu**	55,000 mu
Total area of own orange plantations	**146,000 mu**	95,000 mu

* approximately 21,000 mu (equivalent to 14 km²) is expecting to have first harvest in the fourth quarter of 2013, and the remaining 70,000 mu (equivalent to 46.7 km²) is expecting to have first harvest the fourth quarter of 2015.

Management Discussion and Analysis

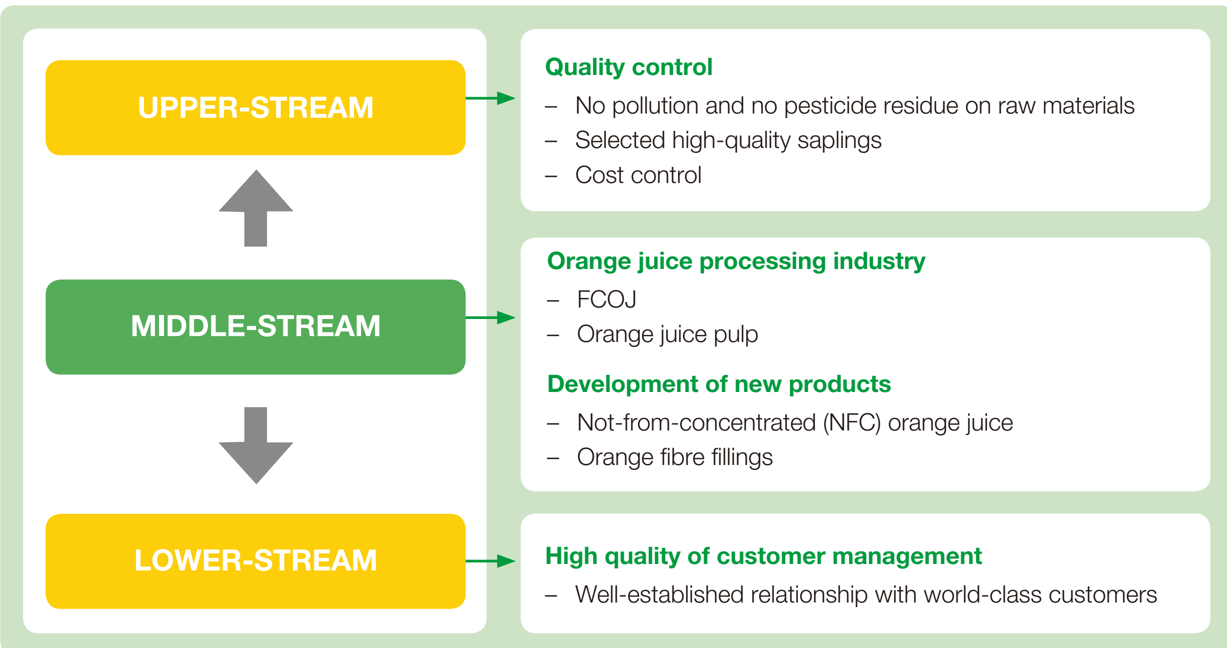
Processing Plant

The Group has a total of three highly efficient production plants strategically located in China's major citrus growing areas, Chongqing, Fujian and Hunan, with advanced equipment imported from the US, Switzerland, Italy and Germany.

The Group has extensive experience in successfully handling the production demands of orange juice processing plants. The involved production process is closely based on the understanding gained by the Group in the design and manufacturing process including years of research and development efforts which have allowed the Group to come up with processing equipment that deliver processed orange juice with superior quality.

Integrated business model

The Group adopts an integrated business model and is one of the few concentrated orange juice processors operating its own upstream orange farms to enhance the value chain.



Management Discussion and Analysis

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed 850 employees (2012: 934 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for, among others, the employees of the Group. The Scheme limit in respect of the grant of options to subscribe for shares in the share capital of the Company has been refreshed on 5 November 2012.

The remuneration to members of senior management of the Company (i.e. executive Directors and senior management of the Company as disclosed in the section headed "Board of Directors and Senior Management" in this annual report) is within the following bands:

Remuneration Bands	Number of Senior Management
Nil to HK$1,000,000 (equivalent to nil to RMB819,000)	**6**
HK$1,000,001 to HK$1,500,000 (equivalent to RMB819,001 to RMB1,229,000)	**–**
Over HK$1,500,000 (equivalent to RMB1,229,000 or above)	**3**

Board of Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Sin Ke (辛克), aged 52, is an executive Director, the chairman of the Board and the president of the Company. Mr. Sin has been involved in managerial and supervisory role in the Group from its establishment in 1993. Through which, Mr. Sin has gained more than 20 years of experience in the frozen concentrated juice industry. From 1982 to 1993 he was involved in the sales, manufacturing and administration of beverage, health products and pharmaceutical products. He was appointed as the honorary chairman of the Fujian Sports United Association of Macau (澳門福建體育聯合會), the committee member of Hui'An Province Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議惠安縣委員會), the council member of the Beverage Industry Association of China (中國飲料工業協會), and the deputy chairman of the Fruit Trading Association of China (中國果品流通協會). Mr. Sin is the elder brother of Mr. San Kwan, another executive Director of the Company. Mr. Sin is a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company.

Mr. Sin is the director of Rich Anges Limited (裕佳有限公司), Sunshine Vocal Limited, Potel Limited (邦天有限公司), Manwell (China) Limited (萬華(中國)有限公司), Chongqing Shangguo Agriculture and Technology Co., Ltd (重慶尚果農業科技有限公司), Chongqing Tianbang Food Co., Limited (重慶天邦食品有限公司), Sanming Summi Food Co., Limited (三明森美食品有限公司) and Summi (Fujian) Food Co., Limited (森美(福建)食品有限公司) ("Summi (Fujian)"), all of which are wholly-owned subsidiaries of the Company.

Mr. Sin is also the director of Cheer Sky Limited (捷佳有限公司) ("Cheer Sky") and Key Wise Group Limited (建威集團有限公司) ("Key Wise"), all are companies having an interest in the shares of the Company.

Save as disclosed above, Mr. Sin did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

San Kwan (辛軍), aged 45, is an executive Director of the Company. He joined the Group as a director of Summi (Fujian) in March 2005. He is responsible for assisting the chairman and the chief executive officer of the Company in supervising the management of the Company. Mr. San Kwan is the younger brother of Mr. Sin Ke. From 1994 to 2006 he was the vice general manager of a company in Quanzhou, Fujian and was responsible for sales and marketing activities. Through which, Mr. San Kwan has gained experience in business.

Mr. San is also the director of Chongqing Tianbang Food Co., Limited (重慶天邦食品有限公司) and Summi (Fujian), both of which are wholly-owned subsidiaries of the Company.

Save as disclosed above, Mr. San did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

Independent Non-Executive Directors

Zeng Jianzhong (曾建中), aged 54, is an independent non-executive Director of the Company. He joined the Group in September 2011. Mr. Zeng has been a director and the deputy general manager of SVXM Pharma Inc. (博分（廈門）醫藥研發有限公司) since April2007, responsible for general management. Mr. Zeng has around 7 years of experience in the food and beverage industry as a deputy general manager of Xiamen Luquan Industries General Co. Ltd. (廈門綠泉實業總公司) ("Xiamen Luquan") from October 2001 to March 2007, during which, he also acted as a director and/or a manager in various food and beverage companies including Swire Coca-Cola Beverages Xiamen Limited (廈門太古可口可樂飲料有限公司), Xiamen Huari Foods Industrial Ltd (廈門華日食品有限公司) and Xiamen Huarong Food Company Limited (廈門華榮食品有限公司), a subsidiary of Xiamen Luquan. Prior to those, he worked in Xiamen Sanjuan Rihua Company Limited (廈門三圈日化有限公司) ("Xiamen Sanjuan"), a company principally engaged in household chemical products business for around 16 years. His last position with Xiamen Sanjuan was the deputy general manager and as a director and the general manager of its subsidiary, Xiamen Xinsanyang Industrial Limited (廈門新三陽實業有限公司). Mr. Zeng graduated from University of Xiamen (廈門大學) majoring in electro chemistry in July 1982. In January 1997, he completed his postgraduate course in Business Administration in the Postgraduate College of Xiamen University. He also obtained a degree of master in Business Administration from the University of Northern Virginia in June 2003. Mr. Zeng is a member of both the Audit Committee and Nomination Committee of the Company.

Save as disclosed above, Mr. Zeng did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Zhuang Weidong (莊衛東), aged 45, is an independent non-executive Director of the Company. He joined the Group in 2008. Mr. Zhuang graduated from the Agricultural College, Fujian (福建農學院) in 1991 specializing in planting of fruit trees and has served as a senior orchard gardener in Quanzhou Agricultural Science Research Centre (泉州市農業科學研究所) since 2003. He has received the Third Prize in the Technology Advance Award of Quanzhou City (泉州市科學技術進步三等獎) and the Second Prize in the Technology Award of Fujian Province (福建省科學技術二等獎). Mr. Zhuang is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Save as disclosed above, Mr. Zhuang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Zhuang Xueyuan (莊學遠), aged 50, is an independent non-executive Director of the Company. He joined the Group in 2008. Mr. Zhuang is a senior accountant accredited by the Assessing Panel of High Level Duties of Professional Accountants of Fujian Province (福建省會計專業人員高級職務評審委員會) in 2002. Mr. Zhuang had worked with Fujian Quanzhou Resources Group Company (福建泉州物資集團公司) from 1982 to 2000 where he had served as, among other roles, the accountant of the finance department in charge of the accounting issues of the company. Through which, Mr. Zhuang has gained about 18 years of experience in accounting and auditing. He has served as a manager and then as a director of State-owned Assets Investment Company Limited of Luo Jiang District of Quanzhou City (泉州市洛江區國有資產投資經營有限公司). He has also served as a director of Tang Xi Industrial Park Construction and Development Company Limited in Wan An Development Zone of Quanzhou City (泉州市萬安開發區塘西工業園建設開發有限公司), a supervisor of Luo Jiang Foreign Trade Company Limited (洛江區對外貿易有限公司) and a legal representative of He Shi Chemist at Luo Jiang District of Quanzhou City (泉州市洛江區河市醫藥店). Mr. Zhuang is a chairman of both Audit Committee and the Remuneration Committee of the Company.

Save as disclosed above, Mr. Zhuang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

SENIOR MANAGEMENT

Liao Yuang-whang (廖元煌), aged 44, is the chief executive officer of the Company. He joined the Group as a non-executive Director in December 2011 and also acted as an advisor to the Board on corporate governance matters and Hong Kong capital market. He also acted as the chief executive officer of Manwell (China) Limited (萬華（中國）有限公司), a subsidiary of the Company, with effect from 19 March 2012. Mr. Liao was an executive director and chief financial officer of China LotSynergy Holdings Limited, a company listed in Hong Kong (Stock code: 08161) and is currently a non-executive director of Samson Holding Ltd. ("Samson Holding"), a company listed in Hong Kong (Stock code: 00531). He had been the director of investor relations of Samson Holding and the vice-president and chief financial officer of a subsidiary of Samson Holding from September 2003 to September 2007. He had also been a director of Citicorp Capital Asia Limited from February 2002 to May 2003. Mr. Liao obtained a Bachelor degree in Management from National Chiao Tung University in 1991 and a Degree of Master of Philosophy from University of Cambridge in 2000.

Save as disclosed above, Mr. Liao did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Leung Pui Shan (梁佩珊), aged 33, is the authorised representative and the company secretary of the Company. She joined the Group in 2012. Ms. Leung is a member of Hong Kong Institute of Certified Public Accountants. Ms. Leung graduated from the City University of Hong Kong and obtained a bachelor degree in Accountancy and Management Information Systems in 2004. And she also obtained a master degree in Accountancy from the Hong Kong Polytechnic University in 2011. Before joining the Company, Ms. Leung worked in Deloitte Touche Tohmatsu in Hong Kong for several years. She is experienced in the field of audit, financial accounting and financial management.

Save as disclosed above, Ms. Leung did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Fu Lingling (富玲玲), aged 50, is the sales and marketing controller of the Group. She is responsible for the sales and marketing of the products. She joined the Group in March 2002. Ms. Fu graduated from Guizhou University for Nationalities (貴州民族學院) and received her bachelor degree in history in 1990. From 1996 to 2002, Ms. Fu was a sales manager of a Shanghai company.

Save as disclosed above, Ms. Fu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Board of Directors and Senior Management

Xu Min (許民), aged 45, is an engineer of the Group and is responsible for the production and technology of the Group. Mr. Xu joined the Group in July 2010. He graduated from Harbin Institute of Technology and obtained a bachelor degree in Engineering. From 1989 to 1996, he was engaged in gyropilot research at Sichuan Airlines Tianbu 7301 Research Centre (四川航空航天部7301研究所) and had been granted the title of Intermediate Engineer. From 1997 to 2000, he worked for Hainan Oasis Food Company Limited (海南綠州食品有限公司) as a deputy general manager and was in charge of processing and sales of tropical fruits. From 2000 to 2004, he worked as a factory deputy director in the Beijing Huiyuan Huairou Factory and was responsible for processing PET beverage. From 2004 to 2009, he worked for Zhejiang Huzhou Weiyuan Food and Beverage Company Limited (浙江湖州味源食品飲料有限公司) as an executive vice director and was responsible for processing and sales of fruits and vegetables such as carrot, lime, etc.

Save as disclosed above, Mr. Xu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Zhou Xianwen (周賢文), aged 42, is a senior management staff of the Group's plantation base and is responsible for the management of cultivation at the plantation base. He joined the Group in January 2012. Mr. Zhou holds a master degree in Agronomy from Southwest China University. He began his career in August 1990 and joined the PRC Communist Party in May 1995. He is currently the head of Kai County Food Product Technology Promotion Centre (開縣果品技術推廣站) as well as the head of Fruit Tree Breeding Centre (果樹良種繁育場). He is a senior agronomist. He has been a member of the 12th and 13th Kai County Political Consultative Conference (開縣政協委員會委員), a member of the China Fruit Marketing Association (中國果品流通協會會員) and executive member of Chongqing Citrus Industry Association (重慶市柑橘學會).

Save as disclosed above, Mr. Zhou did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Wu Qinfeng (吳勤鋒), aged 50, is the head of the Research and Development Center of the Group and is responsible for the product development of the Group. Mr. Wu joined the Group in June 2013. He graduated from Zhejiang School of Light Industry (浙江省輕工業學校) and is specialist in food processing. After graduation, he worked as a researcher of the Technology Division of Fenghua Food Factory and responsible for the research and development of new products of canned food and beverages. During which, he and colleagues developed a range of new product, including the "new fungus orange juice" (「銀耳新桔汁」) and the "breeding new varieties of canned peach" (「銀耳新桔汁」), and won Outstanding New Product Award (優秀四新產品獎), of Zhejiang Light Industry Department and the Fenghua Technology Progress Award (奉化市科技進步二等獎). He has been engaged in food processing related work since graduation and has gained more than 30 years of experience in research and development and food processing industry.

Save as disclosed above, Mr. Wu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements. There was no significant change in nature of the Group's activities during the Reporting Period.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 44.

An 2013 interim dividend of HK$1.5 cents per ordinary share (2012: Nil), totaling approximately HK$18 million, was paid to Shareholders of the Company on 10 May 2013.

The Board has recommended the payment of a final dividend of HK$2.5 cents per ordinary share (2012: Nil) for the Reporting Period subject to the approval of the Shareholders at the forthcoming annual general meeting.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 120. This summary does not form part of the audited financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 20.3% and 38.8% respectively of the Group's total purchases during the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 19.3% and 70.9% respectively of the Group's total revenue during the Reporting Period.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

NON-CURRENT ASSETS

Property, plant and equipment

Details of movements during the Reporting Period in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Land use rights

Details of movements during the Reporting Period in land use rights of the Group are set out in note 18 to the consolidated financial statements.

Intangible assets

Details of movements during the Reporting Period in intangible assets of the Group are set out in note 21 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 36 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 49.

As at 30 June 2013, the Company had reserves of approximately RMB334,367,000 (2012: approximately RMB379,007,000) available for distribution to the Shareholders.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Sin Ke *(Chairman and President)*
Mr. San Kwan

Non-Executive Director

Mr. Chen Qiuming *(appointed on 5 July 2012 and resigned on 30 June 2013)*

Independent Non-Executive Directors

Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

In accordance with Article 108(a) of the articles of association of the Company (the "Articles of Association"), at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong will retire from office as Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all the independent non-executive Directors meet the independence requirement set out in Rule 3.13 of the Listing Rules and are independent as at the date of this report.

Report of the Directors

APPOINTMENT AND RESIGNATION OF NON-EXECUTIVE DIRECTOR

Mr. Chen Qiuming was appointed as a non-executive Director with effect from 5 July 2012 and resigned as a non-executive Director due to the need to focus on his other business on 30 June 2013. For details of the aforesaid appointment and resignation, please refer to the announcement of the Company dated 4 July 2012 and 1 July 2013.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 16 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Director has entered into a service contract with the Company for a fixed term of 3 years unless terminated by not less than 3 months' notice in writing served by either party on the other.

The independent non-executive Directors namely, Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong have respectively entered into a service contract with the Company, unless terminated by not less than 3 months' notice in writing served by either party on the other. The contracts with Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong are for a term of 2 years.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

REMUNERATION POLICY

A remuneration committee of the Company (the "Remuneration Committee") has been set up for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, the Group offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience.

During the Reporting Period, the employees' remuneration of the Group was approximately RMB102,342,000 (2012: approximately RMB85,965,000).

The Company has adopted a share option scheme as incentive to the Directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below.

Report of the Directors

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST REMUNERATION

Details of the emoluments of the Directors and five individuals with highest remuneration are set out in notes 12 and 13 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2013, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to the Listing Rules are as follows:

1. Interests and short position in the shares of the Company ("Shares")

Name of Director and chief executive	Capacity/Nature	No. of Shares held/interested in	Approximate percentage of issued share capital of the Company
Mr. Sin Ke ("Mr. Sin")	Interest of controlled corporation *(Note 2)*	559,712,145 (L)	45.45%
Mr. San Kwan	Beneficial owner	2,600,000 (L)	0.21%
Mr. Liao Yuang-whang	Beneficial owner	1,060,000 (L)	0.09%

BOARD OF DIRECTORS AND SENIOR MANAGEMENT
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2. Interests and short position in the underlying Shares

Name of Director and chief executive	Capacity/Nature	No. of underlying Shares held/interested in	Approximate percentage of issued share capital of the Company
Mr. Sin	Beneficial owner *(Note 3)*	7,200,000 (L)	0.58%
Mr. San Kwan	Beneficial owner *(Note 3)*	8,200,000 (L)	0.67%
Mr. Liao Yuang-whang	Beneficial owner *(Note 4)*	12,000,000 (L)	0.97%

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.
2. Mr. Sin beneficially owned 51% interest in Cheer Sky which beneficially owned 49% interest in Key Wise which in turn, held 559,712,145 Shares. Therefore, Mr. Sin was deemed, or taken to be, interested in the 559,712,145 Shares held by Key Wise by virtue of the SFO.
3. Interests in the options granted on 18 November 2008 and 21 March 2013 under the share option scheme of the Company. For further details, please refer to the section headed "Share Option Scheme" below.
4. Interests in the options granted on 4 January 2013 and 21 March 2013 under the share option scheme of the Company. For further details, please refer to the section headed "Share Option Scheme" below.

3. Long position in the ordinary shares of associated corporations

Name of Director	Name of the associated corporation	Capacity/Nature	No. of shares held	Percentage of interest
Mr. Sin	Key Wise	Interest of controlled corporation and interest of spouse	100,000	100%

Note: Mr. Sin beneficially owned 51% interest in Cheer Sky which beneficially owned 49% interest in Key Wise. Ms. Hong Man Na, the spouse of Mr. Sin, beneficially owned 51% interest in Key Wise. Therefore, Mr. Sin was deemed, or taken to be, interested in all the shares in Key Wise which were owned by Cheer Sky and Ms. Hong Man Na under the SFO.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interests or 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 would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Shareholder	Capacity/Nature	No. of Shares/ underlying Shares held/interested in	Approximate percentage of issued share capital of the Company
Key Wise	Beneficial owner	559,712,145 (L)	45.45%
Cheer Sky	Interest of controlled corporation *(Note 2)*	559,712,145 (L)	45.45%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse *(Note 3)*	566,912,145 (L)	46.03%
CITIC Capital Holdings Limited	Interest of controlled corporation *(Note 4)*	123,174,603 (L)	10.00%
CITIC Group Corporation	Interest of controlled corporation *(Note 4)*	123,174,603 (L)	10.00%
CITIC Limited	Interest of controlled corporation *(Note 4)*	123,174,603 (L)	10.00%
CITIC Capital China Access Fund Limited	Beneficial owner *(Note 4)*	123,174,603 (L)	10.00%

Report of the Directors

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.

2. Cheer Sky beneficially owned 49% interest in Key Wise and Key Wise held 559,712,145 Shares. Therefore, Cheer Sky was deemed, or taken to be, interested in the 559,712,145 Shares held by Key Wise by virtue of the SFO.

3. Ms. Hong Man Na beneficially owned 51% interest in Key Wise. Mr. Sin held share options to subscribe for 7,200,000 Shares. Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 559,712,145 Shares held by Key Wise and the share options to subscribe for 7,200,000 Shares held by Mr. Sin by virtue of the SFO.

4. As known to the Directors after making reasonable enquiry, CITIC Capital Holdings Limited wholly owned CITIC Capital Asset Management Limited which wholly owned CITIC Capital Investment Management (Cayman) Limited. CITIC Capital Investment Management (Cayman) Limited was the manager of CITIC Capital China Access Fund Limited. CITIC Capital China Access Fund Limited held the convertible bonds issued by the Company on 18 May 2012 which upon fully exercise of the conversion rights thereto (subject to adjustment), entitled CITIC Capital China Access Fund Limited to be allotted and issued with 123,174,603 Shares. Therefore, CITIC Capital Holdings Limited, CITIC Group Corporation, CITIC Limited and CITIC Capital Investment Management (Cayman) Limited were deemed, or taken to be, interested in the 123,174,603 Shares in which CITIC Capital China Access Fund Limited was interested by virtue of the SFO.

Save as disclosed above, and as at 30 June 2013, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fell to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 12 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors and chief executives in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTIES TRANSACTIONS

Connected transactions

During the Reporting Period, the Group had not entered into any connected transaction which is not exempt under Rule 14A.31 of the Listing Rules.

Continuing connected transactions

During the Reporting Period, the Group had not entered into any continuing connected transaction which is not exempt under Rule 14A.33 of the Listing Rules.

Related parties transactions

The material related party transactions in relation to the key management compensation as disclosed in Note 42(c) to the consolidated financial statements in this annual report are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(6) of the Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 42 to the financial statements did not fall or exempted under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Reporting Period, the Directors were not aware of any business or interest of the Directors or any substantial Shareholders (as defined under the Listing Rules) and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

SECURED BANK LOANS

Particulars of secured bank loans the Group as at 30 June 2013 are set out in note 30 to the consolidated financial statements.

RETIREMENT SCHEMES

Particulars of the retirement schemes and contributions to defined contribution plans of the Group are set out in notes 11 and 34 to the consolidated financial statements.

Report of the Directors

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with the Model Code and such code of conduct during the Reporting Period.

SHARE OPTION SCHEME

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 7 June 2008 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group or any substantial Shareholder. The Scheme became unconditional on 10 July 2008 and shall be valid and effective for a period of ten years commencing on 7 June 2008, subject to the early termination provisions contained in the Scheme. The Scheme limit in respect of the grant of options to subscribe for Shares in the share capital of the Company under the Scheme has been refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012.

An offer for the grant of options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price at the discretion of the Board, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue on the date when the Scheme was refreshed by a resolution passed at the annual general meeting of the Company held on 5 November 2012. For details of the said refreshment of scheme limit, please refer to the circular and the announcement of the Company dated 25 September 2012 and 5 November 2012 respectively. The Company may at any time refresh such limit, subject to in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. The total number of securities available for issue under the Scheme as at the date of this report was 163,067,272 Shares which represented approximately 13% of the issued share capital of the Company as at the date of this report.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Scheme. There is no minimum period for which an option must be held before it can be exercised under the Scheme.

The status of the share options under the Scheme during the Reporting Period is as follows:

Category of participants	As at 1 July 2012	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 30 June 2013	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$	Share price of the Company as at the date of grant of share options* HK$
Director/Chief executive Mr. Sin Ke	6,000,000	–	–	–	6,000,000	18 November 2008	10 years from the date of grant	0.75	0.75
	–	1,200,000	–	–	1,200,000	21 March 2013	2 years from the date of grant	1.03	1.03
Mr. San Kwan	5,400,000	–	–	–	5,400,000	18 November 2008	10 years from the date of grant	0.75	0.75
	–	2,800,000	–	–	2,800,000	21 March 2013	2 years from the date of grant	1.03	1.03
Mr. Liao Yuang-whang	–	10,000,000	–	–	10,000,000	4 January 2013	1 year from the date of grant	1.15	1.14
	–	2,000,000	–	–	2,000,000	21 March 2013	2 years from the date of grant	1.03	1.03
Other qualified participants**	2,700,000	–	2,700,000#	–	–	18 November 2008	10 years from the date of grant	0.75	0.75
	–	52,400,000	18,000,000##	–	34,400,000	4 January 2013	1 year from the date of grant	1.15	1.14
	–	51,200,000	2,200,000##	–	49,000,000	21 March 2013	2 years from the date of grant	1.03	1.03
Total	14,100,000	119,600,000	22,900,000	–	110,800,000				

* The share price of the Company as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

** Other qualified participants of the Group being granted share options under the Scheme, all of them are not Directors, chief executive or substantial Shareholders or their respective associates.

The weighted average closing price of the Shares immediately before dates of exercise was HK$1.00.

The weighted average closing price of the Shares immediately before dates of exercise was HK$1.41.

The weighted average closing price of the Shares immediately before dates of exercise was HK$1.33.

Report of the Directors

The following table lists the vesting period of the share options granted on 18 November 2008 under the Scheme:

	Name	No. of share options	Vesting period/Maximum percentage of options exercisable from the date of acceptance 0-12 months	13-24 months	25-36 months	After 36 months
Directors	Mr. Sin Ke	6,000,000	0.00%	33.33%	66.67%	100.00%
	Mr. San Kwan	8,000,000	0.00%	30.00%	60.00%	100.00%
Other qualified participants		25,000,000	0.00%	31.20%	62.40%	100.00%
		39,000,000	0.00%	31.28%	62.56%	100.00%

The following table lists the vesting period of the share options granted on 11 October 2009 under the Scheme:

	No. of share options	0-12 months	13-24 months	25-36 months	After 36 months
Employee	10,000,000	30%	60%	100%	100%

The following table lists the vesting period of the share options granted on 4 January 2013 under the Scheme:

	Name	No. of share options	Vesting period/Maximum percentage of options exercisable from the date of acceptance 0-12 months	13-24 months	25-36 months	After 36 months
Chief executive	Mr. Liao Yuang-whang	10,000,000	100%	–	–	–
Other qualified participants		52,400,000	100%	–	–	–
		62,400,000	100%	–	–	–

The following table lists the vesting period of the share options granted on 21 March 2013 under the Scheme:

	Name	No. of share options	Vesting period/Maximum percentage of options exercisable from the date of acceptance 0-12 months	13-24 months	25-36 months	After 36 months
Directors	Mr. Sin Ke	1,200,000	100%	100%	–	–
	Mr. San Kwan	2,800,000	100%	100%	–	–
Chief executive	Mr. Liao Yuang-whang	2,000,000	100%	100%	–	–
Other qualified participants		51,200,000	100%	100%	–	–
		57,200,000	100%	100%	–	–

For further information of the share options, please refer to note 33 to the consolidated financial statements.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times during the Reporting Period and up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. Save as disclosed in the Corporate Governance Report of this annual report, the Company has complied with all the applicable provisions as set out in the Code on Corporate Governance Code – Appendix 14 to the Listing Rules in the Reporting Period. Information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 33 to 41 of this annual report.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

(A) Entitlement to Attend and Vote at the AGM

For the purposes of determining the Shareholders' eligibility to attend and vote at the forthcoming AGM to be held on 28 October 2013 (Monday), the register of members of the Company will be closed from 24 October 2013 (Thursday) to 28 October 2013 (Monday), both dates inclusive. During the above closure periods, no transfer of Shares will be registered. All transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 23 October 2013 (Wednesday).

(B) Entitlement to the Proposed Final Dividend

For the purposes of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 5 November 2013 (Tuesday) to 6 November 2013 (Wednesday), both dates inclusive. During the above closure periods, no transfer of Shares will be registered. All transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 4 November 2013 (Monday).

AUDITORS

KPMG ceased to act as auditor of the Company with effect from 13 December 2011. KPMG confirmed that there are no matters in respect of the change of auditor that should be brought to the attention of the Shareholders.

SHINEWING (HK) CPA Limited has replaced KPMG to act as auditor of the Company since 13 December 2011 and has acted as auditors of the Company for the Reporting Period.

SHINEWING (HK) CPA Limited shall retire in the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sin Ke
Chairman

Hong Kong, 11 September 2013

Corporate Governance Report

The Company commits to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the Corporate Governance Code (the "Code") – Appendix 14 to the Listing Rules.

During the Reporting Period, the Board considered that the Company had complied with all the relevant code provisions and, where applicable, the recommended best practices as set out in the Code of the Listing Rules. In addition, the Board adopted a Board Diversity Policy (the "Board Diversity Policy") on 16 July 2013 to comply with the new code provision on board diversity with effect from 1 September 2013. The Board Diversity Policy is available on the website of the Company.

The Board will periodically review the Company's current corporate practices and procedures and will maintain and further enhance the standard of corporate governance practices of the Company, in order to ensure it is in line with international and local best practices and optimise the interests of the Shareholders, investors, employees, business partners and the community as a whole.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with the Model Code and such code of conduct during the Reporting Period.

THE BOARD OF DIRECTORS

Composition of the Board

The Board has a balance of skills and experience appropriate for the requirements of the Group's business. The Board includes a balanced composition of executive and independent non-executive Directors so that independent judgement can be effectively exercised.

The Board currently comprises two executive Directors and three independent non-executive Directors. During the Reporting Period and up to the date of this report, the Directors were:

Executive Directors

Mr. Sin Ke *(Chairman and President)*
Mr. San Kwan

Non-Executive Director

Mr. Chen Qiuming *(appointed on 5 July 2012 and resigned on 30 June 2013)*

Independent Non-Executive Directors

Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Zeng Jianzhong

Corporate Governance Report

The brief biographic details of and relationship between the existing Directors are set out in the section headed "Board of Directors and Senior Management" on pages 16 to 19. Save as disclosed under the section headed "Board of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships between Board members and in particular, between the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer").

During the Reporting Period, the Board maintained a high level of independence, with more than one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgement. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of the Directors are disclosed.

Mr. Chen Qiuming was appointed as the non-executive Director with effect from 5 July 2012 and has resigned as a non-executive Director with effect from 30 June 2013 due to the need to focus on his other business.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors satisfied the Listing Rules requirement of independence.

Board Meetings

The Board meets regularly. In addition to regular meetings, it meets as and when warranted by particular circumstances. During the Reporting Period, fifteen Board meetings were held. The Directors attended the meetings in person or by telephone in accordance with the Articles of Association.

A record of the Directors' attendance at the Board meetings and general meetings held during the Reporting Period are set out as follows:

	Attendance/ Number of Board meetings	Attendance/ Number of general meetings
Executive Directors		
Mr. Sin Ke *(Chairman)*	14/15	1/1
Mr. San Kwan	14/15	0/1
Non-Executive Director		
Mr. Chen Qiuming *(appointed on 5 July 2012 and resigned on 30 June 2013)*	7/15 *(Note)*	1/1 *(Note)*
Independent Non-Executive Directors		
Mr. Zhuang Xueyuan	10/15	0/1
Mr. Zhuang Weidong	10/15	0/1
Mr. Zeng Jianzhong	10/15	0/1

Note: Number of board meetings and general meeting held during the tenure of the Director.

Corporate Governance Report

The company secretary, chief financial executive and other selected members from the Company also attended the AGM together with our external auditor, SHINGWING (HK) CPA Limited to answer any questions, from Shareholders. All Directors treasure the opportunity to canvass the views of the Shareholders in the AGMs held annually.

Board Responsibilities and Delegation

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance and determining the corporate governance policy of the Group. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group.

During the Reporting Period, the Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

Appointment, Re-election and Removal of Directors

The Company has established the Nomination Committee on 7 June 2008. The Nomination Committee has from time to time identify individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experience are appropriate for the businesses of the Group.

Each of Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong has entered into a service contract for a term of 2 years which may be terminated by either party giving to the other party at least 3 months' prior written notice. All independent non-executive Directors are subject to rotation and re-election at annual general meeting of the Company in accordance with the articles of association of the Company.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year shall be those appointed by the Board during the Reporting Period and those who have been the longest in office since their last election or re-election. Accordingly, Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Zeng Jianzhong will retire from office as Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Insurance of the Directors and Officers

The Company has bought a liability insurance for Directors and officers in respect of legal action against the Directors and officers has been bought which is in compliance with code provision A.1.8 of the Code.

Corporate Governance Report

Induction and Continuous Professional Development

Newly appointed Directors will receive guideline and reference materials to enable them to familiarise with the Group's business operations and Board's policies.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

According to the records provided by the Directors, a summary of training received by the Directors during the Reporting Period is set out below:

Name of Director	Type of continuous professional development programmes *(Notes)*
Executive Directors	
Mr. Sin Ke *(Chairman)*	1,2,3
Mr. San Kwan	1,3
Non-Executive Director	
Mr. Chen Qiuming *(appointed on 5 July 2012 and resigned on 30 June 2013)*	1,3
Independent Non-Executive Directors	
Mr. Zhuang Xueyuan	1,3
Mr. Zhuang Weidong	1,3
Mr. Zeng Jianzhong	1,3

Notes:

1 Attend internal training

2 Attend workshop/seminars/conference/continuing development programme

3 Reading relevant materials of workshops/internal training/updates on the Listing Rules and other applicable regulations

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Chairman of the Board is Mr. Sin Ke and the Chief Executive Officer is Mr. Liao Yuang-whang. The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board and seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive, in a timely manner, adequate and reliable information. The Chief Executive Officer is responsible for managing the business of the Group and leading the management team to implement strategies and objectives adopted by the Board. Their respective responsibilities are clearly established and set out in writing.

BOARD COMMITTEES

Remuneration Committee

The Company established the Remuneration Committee which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Remuneration Committee include consulting the Chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management and making recommendation to the Board on the remuneration packages of individual Directors' and senior management. The Remuneration Committee's authority and duties are set out in written terms of reference that are posted on the website of the Stock Exchange and the Company.

During the Reporting Period, among others, the Remuneration Committee had reviewed the Group's remuneration policy and the terms of the executive Directors' service contracts, made recommendation to the Board on the policy for the remuneration of non-executive Directors, independent non-executive Director and Chief Executive Officer, assessed performance of non-executive Directors, independent non-executive Directors and Chief Executive Officer and approved the terms of independent non-executive Director's service contracts.

There are five meetings held during the Reporting Period and the attendance by each committee member is set out below:

Members of Remuneration Committee	Attendance/ Number of meetings
Mr. Zhuang Xueyuan *(Chairman)*	5/5
Mr. Sin Ke	5/5
Mr. Zhuang Weidong	5/5

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board member and assessing the independence of independent non-executive Directors. The Nomination Committee is established with specific terms of reference which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee reviewed the structure and composition of the Board and assessed the independence of the independent non-executive Directors. The Nomination Committee also endorsed the Board Diversity Policy, and proposed amendments to the Committee's terms of reference and the nomination policy to take into account the Board Diversity Policy.

There are three meetings held during the Reporting Period and the attendance by each committee member is set out below:

Members of Nomination Committee	Attendance/ Number of meetings
Mr. Sin Ke *(Chairman)*	3/3
Mr. Zhuang Weidong	3/3
Mr. Zeng Jianzhong	3/3

Audit Committee

The Audit Committee currently consists of 3 independent non-executive Directors. The primary duties of the Audit Committee are to review the Company's financial information, review and supervise the Company's financial reporting process and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board. The Audit Committee is established with specific terms of references which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

During the Reporting Period, the Audit Committee discussed and reviewed the interim and final results of the Group and certain other businesses. The effectiveness of the Company's internal control was also discussed at the meetings. The Audit Committee has also reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report, the annual report, the interim result of the Group and the final result of the Group for the Reporting Period. In the opinion of the Audit Committee, there are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

There are two meetings held during the Reporting Period and the attendance by each committee member is set out below:

Members of Audit Committee	Attendance/ Number of meetings
Mr. Zhuang Xueyuan *(Chairman)*	2/2
Mr. Zhuang Weidong	2/2
Mr. Zeng Jianzhong	2/2

INTERNAL CONTROL

The Board is committed to manage business risks and to maintain a proper and effective system of internal control to safeguard the Shareholders' investments and the Group's assets. The Board, through the Audit Committee, has conducted annual review of the effectiveness of the Group's system of internal control covering all controls, including financial, operational and compliance controls, and risk management processes. The Board is satisfied that the Group has fully complied with the Code in respect of internal controls during the Reporting Period.

AUDITOR'S REMUNERATION

The Group's external auditor is SHINEWING (HK) CPA Limited. The remuneration paid or payable to the external auditor of the Group for the Reporting Period comprised fees for audit services of RMB1,013,000 (2012: RMB1,100,000).

During the Reporting Period, there was no non-audit service provided by SHINEWING (HK) CPA Limited.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities for preparing the financial statements for the Reporting Period. The auditor of the Company acknowledges its reporting responsibilities in the auditor's report on the financial statements for the Reporting Period. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going-concern basis.

COMPANY SECRETARY

Ms. Leung Pui Shan has been the company secretary of the Company (the "Company Secretary") since 19 November 2012 and Ms. Chan Ling was the Company Secretary for the period from 1 July 2012 to 19 November 2012. They are full time employees of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on corporate governance matters and facilitating communication between Board members, the Shareholders and management of the Company. Ms. Leung Pui Shan has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biography of the Company Secretary is set out in the section "Board of Directors and Senior Management" on page 18 of this annual report.

Corporate Governance Report

THE SHAREHOLDERS' RIGHTS

Convening an Extraordinary Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Convening an Extraordinary Meeting by Shareholders".

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

Communication with Shareholders

Information of the Group is delivered to the Shareholders through a number of channels, which include annual report, interim report, announcements and circulars at the corporate website (http://www.tianyi.com.hk/). The latest information of the Group together with the published documents are also available on the Company's website.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department of the Company whose contact details are as follows:

China Tianyi Holdings Limited
Suite 2311, Tower One, Times Square,
1 Matheson Street, Causeway Bay, Hong Kong
Email: adminhk@hksummi.com
Tel No.: (852) 3163 1000
Fax No.: (852) 3163 1122

Company Secretarial Department and Investor Relations Department of the Company handle both telephone and written enquiries from Shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

INVESTOR RELATIONS

Constitutional Documents

During the Reporting Period, the Company did not make any changes to the Memorandum and Articles of Association, and the current version of which is available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the Code but also about promoting and developing an ethical and healthy corporate culture. The Company will continue to review and, where appropriate, improve the current practices on the basis of the experience, regulatory changes and developments. Any views and suggestions from the Shareholders to promote and improve the transparency are also welcomed.

On behalf of the Board

Sin Ke
Chairman

Hong Kong, 11 September 2013

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHINA TIANYI HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of China Tianyi Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 119, which comprise the consolidated and Company's statements of financial position as at 30 June 2013, 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 FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagements, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013 and of the profit and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
11 September 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
Revenue	8	**525,774**	650,999
Cost of sales		**(327,742)**	(403,059)
Gross profit		**198,032**	247,940
Gain from changes in fair value of biological assets less costs to sell	24	**30,455**	108,511
Other revenue	8	**9,700**	10,776
Distribution costs		**(7,917)**	(10,565)
Administrative expenses		**(69,322)**	(67,367)
Other operating expenses	9	**(17,274)**	(12,456)
Profit from operations		**143,674**	276,839
Finance costs	10	**(43,935)**	(26,716)
Profit before tax	11	**99,739**	250,123
Income tax (expense) credit	14	**(32,665)**	139
Profit for the year attributable to owners of the Company		**67,074**	250,262
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**3,503**	1,318
Total comprehensive income for the year attributable to owners of the Company		**70,577**	251,580
Earnings per share	16		
– Basic (RMB)		**0.06**	0.22
– Diluted (RMB)		**0.06**	0.22

Consolidated Statement of Financial Position

AS AT 30 JUNE 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	17	**244,949**	235,088
Land use rights	18	**17,969**	18,384
Lease prepayments for orange plantations	19	**537,912**	343,094
Goodwill	20	**56,696**	56,696
Intangible assets	21	**112,044**	120,448
Pledged bank deposits	27	**–**	120,350
		969,570	894,060
Current assets			
Inventories	23	**32,806**	33,892
Biological assets	24	**72,657**	83,325
Lease prepayments for orange plantations	19	**85,418**	48,178
Trade receivables	25	**66,459**	102,385
Other receivables, deposits and prepayments	26	**33,457**	13,102
Pledged bank deposits	27	**120,350**	2,550
Cash and cash equivalents	28	**488,913**	513,199
		900,060	796,631
Current liabilities			
Trade payables	29	**5,909**	7,947
Other payables and accruals		**20,484**	20,853
Secured bank loans	30	**185,690**	141,190
Income tax payable		**33,439**	142
		245,522	170,132
Net current assets		**654,538**	626,499
Total assets less current liabilities		**1,624,108**	1,520,559
Non-current liabilities			
Secured bank loans	30	**–**	2,550
Deferred income	32	**15,340**	17,700
Convertible bonds	31	**199,369**	181,731
Deferred tax liabilities	35	**29,261**	31,362
		243,970	233,343
Net assets		**1,380,138**	1,287,216

Consolidated Statement of Financial Position (Continued)

AS AT 30 JUNE 2013

	Note	**2013 RMB'000**	2012 RMB'000
Capital and reserves			
Share capital	*36*	**10,682**	10,501
Reserves		**1,369,456**	1,276,715
Total equity		**1,380,138**	1,287,216

The financial statements on pages 44 to 119 were approved and authorised for issue by the board of directors on 11 September 2013 and are signed on its behalf by:

Sin Ke
Chairman

San Kwan
Director

Statement of Financial Position

AS AT 30 JUNE 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	*17*	**413**	57
Investments in subsidiaries	*22*	**266,108**	275,447
Amounts due from subsidiaries	*42*	**283,468**	313,791
		549,989	589,295
Current assets			
Other receivables	*26*	**19,100**	2,821
Cash and cash equivalents	*28*	**609**	3,494
		19,709	6,315
Current liability			
Other payables		**1,657**	2,575
Net current assets		**18,052**	3,740
Total assets less current liabilities		**568,041**	593,035
Non-current liabilities			
Convertible bonds	*31*	**199,369**	181,731
Amounts due to subsidiaries	*42*	**12,470**	11,355
		211,839	193,086
Net assets		**356,202**	399,949

Statement of Financial Position (Continued)

AS AT 30 JUNE 2013

	Notes	2013 RMB'000	2012 RMB'000
Capital and reserves			
Share capital	36	**10,682**	10,501
Reserves	37	**345,520**	389,448
Total equity		**356,202**	399,949

Sin Ke
Chairman

San Kwan
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Attributable to owners of the Company						
	Share capital RMB'000	**Share premium** RMB'000 *(Note 37(a))*	**Capital reserve** RMB'000 *(Note 37(b))*	**Statutory reserves** RMB'000 *(Note 37(c))*	**Exchange reserve** RMB'000 *(Note 37(d))*	**Retained profits** RMB'000	**Total** RMB'000
At 1 July 2011	8,971	165,961	61,395	38,810	331	514,268	789,736
Profit for the year	–	–	–	–	–	250,262	250,262
Other comprehensive income for the year							
– Exchange differences arising on translation of foreign operations	–	–	–	–	1,318	–	1,318
Total comprehensive income for the year	–	–	–	–	1,318	250,262	251,580
Recognition of equity component of convertible bonds *(note 31)*	–	–	11,484	–	–	–	11,484
Transaction costs attributable to issue of convertible bonds *(note 31)*	–	–	(10)	–	–	–	(10)
Redemption of convertible bonds *(note 31)*	–	–	(12,285)	–	–	12,285	–
Shares issued under share option scheme *(note 36(b))*	86	10,215	(3,352)	–	–	–	6,949
Shares issued upon acquisition of subsidiaries *(note 36(a))*	1,444	225,304	–	–	–	–	226,748
Recognition of equity-settled share based payments *(note 33)*	–	–	729	–	–	–	729
At 30 June 2012	10,501	401,480	57,961	38,810	1,649	776,815	1,287,216
At 1 July 2012	10,501	401,480	57,961	38,810	1,649	776,815	1,287,216
Profit for the year	–	–	–	–	–	67,074	67,074
Other comprehensive income for the year							
– Exchange differences arising on translation of foreign operations	–	–	–	–	3,503	–	3,503
Total comprehensive income for the year	–	–	–	–	3,503	67,074	70,577
Shares issued under share option scheme *(note 36(b))*	181	22,895	(3,330)	–	–	–	19,746
Dividend paid	–	(14,378)	–	–	–	–	(14,378)
Recognition of equity-settled share based payments *(note 33)*	–	–	16,977	–	–	–	16,977
At 30 June 2013	10,682	409,997	71,608	38,810	5,152	843,889	1,380,138

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 RMB'000	2012 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**99,739**	250,123
Adjustments for:			
Gain from changes in fair value of biological assets less costs to sell		**(30,455)**	(108,511)
Depreciation of property, plant and equipment		**22,023**	18,284
Amortisation of land use rights		**415**	357
Amortisation of deferred income		**(2,360)**	(2,360)
Amortisation of intangible assets		**8,404**	5,602
Written-off of inventories		**5,820**	4,241
Impairment loss of other receivables – indemnification assets		**–**	10,325
Loss on disposal of property, plant and equipment		**297**	413
Written-off of lease prepayments for orange plantations on deregistration of a subsidiary		**886**	–
Finance costs		**43,935**	26,716
Loss on disposal of held-for-trading investments		**–**	425
Bank interest income		**(6,524)**	(7,921)
Equity-settled share based payment expenses		**16,977**	729
Operating cash flows before movements in working capital		**159,157**	198,423
Decrease in biological assets		**41,123**	71,521
(Decrease) increase in other payables and accruals		**(6,920)**	9,297
Decrease in trade payables		**(2,038)**	(263)
Decrease (increase) in other receivables, deposits and prepayments		**1,832**	(1,626)
Increase in inventories		**(4,734)**	(30,189)
Decrease (increase) in trade receivables		**35,926**	(58,620)
Increase in lease prepayments for orange plantations		**(232,944)**	(254,197)
Cash used in operations		**(8,598)**	(65,654)
Income tax paid		**(1,469)**	(11,445)
NET CASH USED IN OPERATING ACTIVITIES		**(10,067)**	(77,099)
INVESTING ACTIVITIES			
Net cash inflow from acquisition of subsidiaries	*41*	**–**	16,776
Bank interest received		**1,986**	3,381
Proceeds from disposal of held-for-trading investments		**–**	1,367
Proceeds from disposal of property, plant and equipment		**50**	24
Purchase of held-for-trading investments		**–**	(1,792)
Purchase of land use rights		**–**	(2,191)
Purchase of property, plant and equipment		**(32,518)**	(35,622)
Withdrawal of pledged bank deposits		**2,550**	–
NET CASH USED IN INVESTING ACTIVITIES		**(27,932)**	(18,057)

Consolidated Statement of Cash Flows (Continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 RMB'000	2012 RMB'000
FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	**–**	189,632
Interest paid	**(13,192)**	(8,662)
Transaction costs on issue of convertible bonds	**–**	(163)
New secured bank loans raised	**68,950**	576,000
Repayments of secured bank loans	**(27,000)**	(557,550)
Proceeds from issue of shares under share option scheme	**989**	6,949
Payment on redemption of convertible bonds	**–**	(153,795)
Dividend paid	**(14,378)**	–
NET CASH FROM FINANCING ACTIVITIES	**15,369**	52,411
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(22,630)**	(42,745)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**513,199**	555,996
Effect of foreign exchange rate changes	**(1,656)**	(52)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**488,913**	513,199

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

1. GENERAL

China Tianyi Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the Annual Report. In the opinion of the directors of the Company (the "Directors"), its parent and ultimate holding company is Key Wise Group Limited, a company incorporated in the British Virgin Islands (the "BVI").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in cultivation and selling of fresh oranges, manufacturing and selling of frozen concentrated orange juice ("FCOJ") and its related products.

The Company's functional currency is Hong Kong dollars ("HK$") while that for the major subsidiaries in the People's Republic of China (the "PRC") is Renminbi ("RMB"). As the operation of the Group is mainly held in the PRC, the Directors consider that it is appropriate to present the financial statements in RMB.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has adopted the following new and revised IFRSs issued by the International Accounting Standard Board (the "IASB").

Amendments to International Accounting Standard ("IAS") 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets

Except as explained below, the adoption of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IFRSs	Annual Improvements 2009-2011 Cycle[1]
Amendments to IFRS 1	First-time Adoption of IFRSs – Government Loans[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27 (as revised in 2011)	Investment entities[2]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[2]
International Financial Reporting Interpretations Committee ("IFRIC") – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
IFRIC – Int 21	Levies[2]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective for annual periods beginning on or after 1 January 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Annual Improvements to IFRSs 2009–2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009–2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include the amendments to IAS 1 Presentation of Financial Statements, the amendment of IAS 16 Property, Plant and Equipment and the amendments to IAS 32 Financial Instruments: Presentation.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's financial statements.

The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Directors anticipate that the amendments to IAS 32 will have no effect on the Group's financial statements as the Group has already adopted this treatment.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 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 accounting periods. In addition, under IFRS 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, IFRS 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 IAS 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.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that IFRS 9 will be adopted in the Group's financial statements for the annual period beginning 1 July 2015 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with the financial statements. SIC – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. The application of IFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In May 2011, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors anticipate that the application of these five standards will have no significant impact on the amounts reported in the financial statements under the current group structure.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that IFRS 13 will be adopted in the Group's financial statements for the annual period beginning 1 July 2013 and that the application of the new standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. For the goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes, other than construction in progress, are stated in the consolidated and Company's statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated 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.

Construction in progress includes property, plant and equipment in the course of construction for its own use purposes. Construction in progress is 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. Construction in progress is classified to the appropriate category 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.

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.

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "land use right" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the 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 expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Biological assets

Biological assets comprise oranges before harvested in leased orange farms and are classified as current assets due to short harvesting period.

Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of market-determined prices and no reliable alternative estimates exist to determine fair value in which case the assets are held at cost less accumulated depreciation and impairment losses. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell. Where assets are held at fair value, changes in fair value are taken to the consolidated statement of profit or loss and other comprehensive income. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

After harvesting, oranges are transferred to inventories as agricultural produce at their deemed cost which is fair value at the point of harvest less costs to sell. Fair value at the point of harvest is based on the selling prices for similar oranges prevailing in the market as at or close to the harvest dates.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 financial statements and the corresponding tax base 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 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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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 rate (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 is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and the 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

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

The Group's financial assets comprise loans and receivables. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits, cash and cash equivalents and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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 where 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 financial assets have been affected.

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

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables and amounts due from subsidiaries, 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, an increase in the number of delayed payments in the portfolio past the credit period, 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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables and amounts due from subsidiaries are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as 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 the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue costs.

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.

Other financial liabilities

Other financial liabilities including trade and other payables and accruals, secured bank loans, convertible bonds and amounts due to subsidiaries are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (capital reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in capital reserve until the embedded option is exercised (in which case the balance stated in capital reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in capital reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share based payment transactions

The Company has issued equity-settled share based payments to certain employees. The fair value of services received, which is determined by reference to the fair value of share options granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (capital reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to retained profits.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and at banks, including term deposits, which have original maturity within three months and are not restricted as to use. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposit as defined above.

Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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. When 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 units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 a 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the Directors are 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 associated 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.

Critical judgements in applying the entity's accounting policies

The followings are the critical judgements, apart from those involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Legal title of buildings

Despite the Group has paid the full purchase consideration for the buildings, formal titles of certain of the Group's rights to the use of the buildings were not yet granted from the relevant government authorities as stated in note 17. In the opinion of the Directors, the absence of formal title to these buildings does not impair the value of the relevant properties to the Group.

Key sources of estimation uncertainty

The followings 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.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit 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 2013, the carrying amount of goodwill was approximately RMB56,696,000 (2012: RMB56,696,000). Details of the recoverable amount and calculation are disclosed in note 20. During the years ended 30 June 2013 and 2012, no impairment loss was provided.

Estimated impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. As at 30 June 2013, the carrying amount of property, plant and equipment was approximately RMB244,949,000 (2012: RMB235,088,000). During the years ended 30 June 2013 and 2012, no impairment loss was recognised.

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

Key sources of estimation uncertainty *(Continued)*

Amortisation and estimated impairment of intangible assets

The Directors determine the estimated useful lives and related amortisation charges for intangible assets (customer list and customer relationship). This estimate is based on the estimated churn periods of the customer base and experience in similar business. The Directors will increase the amortisation charge where useful lives are less than previously estimated lives.

Customer list and customer relationships are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of customer list and customer relationship have been determined based on the value-in-use calculations. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the intangible assets (customer list and customer relationship) 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 2013, the carrying amount of intangible assets amounted to approximately RMB112,044,000 (2012: RMB120,448,000). During the years ended 30 June 2013 and 2012, no impairment loss was provided.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and the residual values are based on the historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Depreciation of property, plant and equipment amounting to approximately RMB22,023,000 (2012: RMB18,284,000) was recognised in the consolidated statement of profit or loss and other comprehensive income and the carrying value of property, plant and equipment was approximately RMB244,949,000 (2012: RMB235,088,000) as at 30 June 2013.

Net realisable value of inventories

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period and the carrying amount of inventories was approximately RMB32,806,000 (2012: RMB33,892,000) as at 30 June 2013. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions and the historical experience of manufacturing and selling products of similar nature. During the year, a written-off of inventories at RMB5,820,000 (2012: RMB4,241,000) has been recognised and included in cost of sales in the current year.

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

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of trade receivables

The Directors estimate impairment losses for bad and doubtful debts resulting from inability of the customers to make the required payments. The Directors estimate the impairment of trade receivables based on the ageing of the trade receivable balance, customer credit-worthiness, and historical written-off experience. If the financial condition of the customers were to deteriorate, actual written-offs would be higher than estimated. As at 30 June 2013, the carrying amount of trade receivables amounted to approximately RMB66,459,000 (2012: RMB102,385,000). During the years ended 30 June 2013 and 2012, no impairment loss was provided.

Impairment loss recognised in respect of other receivables and amounts due from subsidiaries

The policy for making impairment loss on other receivables and amounts due from subsidiaries of the Group and the Company is based on the evaluation of collectability of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor.

As at 30 June 2013, the Group's and the Company's carrying amount of other receivables amounted to approximately RMB31,048,000 (2012: RMB10,476,000) and RMB19,100,000 (2012: RMB2,821,000) respectively, net of impairment loss of nil (2012: RMB10,325,000) and nil (2012: nil) respectively.

As at 30 June 2013, the Company's carrying amount of amounts due from subsidiaries amounted to approximately RMB283,468,000 (2012: RMB313,791,000). During the years ended 30 June 2013 and 2012, no impairment loss was provided.

Estimated impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments in subsidiaries. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the investments in subsidiaries and a suitable discount rate in order to calculate the present value. Where there are indicators for impairment, the carrying amount of the investments in the subsidiaries in the Company's separate financial statements will be reviewed for impairment. The recoverable amount has been determined based on the higher of fair value less costs to sell and value-in-use calculations.

As at 30 June 2013, the carrying amount of the Company's investments in subsidiaries amounted to approximately RMB266,108,000 (2012: RMB275,447,000). During the years ended 30 June 2013 and 2012, no impairment loss was recognised.

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

Key sources of estimation uncertainty *(Continued)*

Fair value of biological assets and agricultural produce

The Group's biological assets are measured at cost from initial recognition unless fair value can be reliably measured.

All oranges are harvested shortly before the calendar year end. At each calendar year end date, little biological transformation for the following year's harvest has taken place and therefore biological assets are stated at cost as the Directors consider that their fair value cannot be measured reliably and no reliable alternative estimates exist to determine the fair value.

In addition, for the reasons set out in note 24, the Directors consider that there is no active market for the biological assets at the end of June each year and their fair value cannot be measured reliably and no reliable alternative estimates exist to determine fair value. Therefore the biological assets at the end of June continue to be stated at cost less impairment (if any).

Once the fair value of the Group's biological assets becomes reliably measurable, they are then measured at their fair value less costs to sell.

The Group's agricultural produce are measured at fair value less costs to sell at the point of harvest. The Directors are of the view that there is no quoted price in the market and the fair value is therefore determined based on the most recent market price as at or close to the harvest dates in the local area. As at 30 June 2013, the carrying amount of biological assets amounted to approximately RMB72,657,000 (2012: RMB83,325,000). During the years ended 30 June 2013 and 2012, no impairment loss was provided.

Income tax

The Group operates in the agricultural industry in the PRC, in which income tax exemptions are granted to certain subsidiaries of the Group. There are certain agricultural transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises income tax expense and related liabilities for anticipated tax issues based on estimates that current tax exemption will be granted to the Group on an ongoing basis. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Fair value of embedded early redemption option of the convertible bonds

The Directors use their judgements in selecting an appropriate valuation technique to determine fair value of embedded early redemption option of the convertible bonds which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair values of these derivative financial liabilities are determined at the end of each reporting period with movement in fair value recognised in profit or loss. In estimating the fair value of the derivative financial liabilities, the Group uses valuation performed by independent valuers which is based on various inputs and estimates with reference to quoted market rates and adjusted for specific features of the instrument. If the inputs and estimates applied in the model are different, the carrying amount of these derivative financial liabilities may change. As at 30 June 2013, the carrying amount of embedded early redemption option of the convertible bonds amounted to nil (2012: nil).

5. CAPITAL RISK MANAGEMENT

The Group and the Company manage the capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through pricing products and services commensurately with the level of risk and securing access to finance at a reasonable cost. The overall strategy of the Group and the Company remained unchanged from prior year.

The capital structure of the Group and the Company consists of secured bank loans, convertible bonds, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group and the Company will balance its overall capital structure through the issue of new shares as well as the issue of new debts or the redemption of existing debts.

6. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

The carrying amounts of the Group's and the Company's financial assets and financial liabilities as recognised at 30 June 2013 and 2012 were categorised as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**706,770**	748,960
Financial liabilities		
At amortised cost	**411,452**	354,271

	The Company	
	2013	2012
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**303,177**	320,106
Financial liabilities		
At amortised cost	**213,496**	195,661

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, pledged bank deposits, cash and cash equivalents, amounts due from subsidiaries, trade and other payables and accruals, secured bank loans, convertible bonds and amounts due to subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

The companies of the Group mainly operated in their local jurisdiction with most of the transactions settled in their functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate bank loans and bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank deposits, convertible bonds and fixed-rate bank loans. Details of the pledged bank deposits, bank balances, secured bank loans and convertible bonds are disclosed in note 27, 28, 30 and 31, respectively. It is the Group's policy to keep certain of its secured bank loans at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease (2012: increase/decrease) the Group's profit after tax and retained profits by approximately RMB3,652,000 (2012: RMB3,746,000) for the year. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans and bank balances.

The sensitivity analysis above has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 100 basis points (2012: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 30 June 2012.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk

As at 30 June 2013 and 2012, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and Company's statement of financial position.

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

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, 19% (2012: 23%) and 76% (2012: 72%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively within production of processed fruits segment. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2012: 100%) of the total receivables at the end of the reporting period.

The Company is not exposed to significant credit risk as its receivable is due from subsidiaries where the Directors consider the credit risk as low.

The credit risk on the Group and the Company's liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group regularly monitors its liquidity requirements and its compliance with lending covenants and ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Bank loans with a repayment on demand clause are included in the "within one year or on demand" time band in the following maturity analysis. As at 30 June 2012, the aggregate undiscounted principal amounts of these bank loans amounted to approximately RMB114,190,000. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans will be repaid two years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB151,335,000.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities and based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The Group	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2013					
Trade payables	**5,909**	**–**	**–**	**5,909**	**5,909**
Other payables and accruals	**20,484**	**–**	**–**	**20,484**	**20,484**
Secured bank loans	**189,654**	**–**	**–**	**189,654**	**185,690**
Convertible bonds	**6,449**	**269,163**	**–**	**275,612**	**199,369**
	222,496	**269,163**	**–**	**491,659**	**411,452**

The Group	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2012					
Trade payables	7,947	–	–	7,947	7,947
Other payables and accruals	20,853	–	–	20,853	20,853
Secured bank loans	146,170	2,550	–	148,720	143,740
Convertible bonds	6,676	6,676	269,364	282,716	181,731
	181,646	9,226	269,364	460,236	354,271

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

The Company	Less than 1 year or On demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	More than 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2013						
Other payables	1,657	–	–	–	1,657	1,657
Convertible bonds	6,449	269,163	–	–	275,612	199,369
Amounts due to subsidiaries	–	–	–	12,470	12,470	12,470
	8,106	269,163	–	12,470	289,739	213,496

The Company	Less than 1 year or On demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	More than 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 30 June 2012						
Other payables	2,575	–	–	–	2,575	2,575
Convertible bonds	6,676	6,676	269,364	–	282,716	181,731
Amounts due to subsidiaries	–	–	–	11,355	11,355	11,355
	9,251	6,676	269,364	11,355	296,646	195,661

6. FINANCIAL RISK MANAGEMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Business risk

The Group's revenue depends significantly on the ability to harvest oranges at adequate levels. The ability to harvest oranges in the Group's leased orange farms and the growth of the oranges may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of oranges available for harvesting in the Group's leased orange farms, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and quality. The Group has procedures in place aimed at monitoring and mitigating exposures to diseases, including regular farms inspections and pesticide prevention.

The Group has certain concentration risk of sales to its current major customers. The Group's revenue from the largest and the five largest customers amounted to approximately RMB101,696,000 (2012: RMB202,422,000) and RMB372,972,000 (2012: RMB461,098,000), which accounted for approximately 19% (2012: 31%) and 71% (2012: 70%) of the Group's total revenue for the year ended 30 June 2013 and 30 June 2012, respectively. The Group has no long-term contractual arrangement with these customers and there is no assurance that these major customers will continue their business dealings with the Group or that the revenue generated from dealing with these customers will increase or be maintained in the future. In the event that these customers ceased to purchase products from the Group and the Group could not secure orders from other customers, the Group's turnover and profitability would be adversely affected.

The Group is exposed to financial risks arising from changes in prices of oranges, concentrated orange juice and the change in cost and supply of fertiliser and pesticides, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and diseases. The Group has little or no control over these conditions and factors. The Directors manage the risk by operating in several major plantation areas so as to reduce the concentration of sources of oranges.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

c. Fair values

The Group's financial instruments carried at fair value represent the bondholders' redemption options (note 31). Given the Directors consider the possibility of the occurrence of the events of change of control and delisting during both years is nil, the fair value of the bondholders' redemption options is considered as nil as at 30 June 2011, 18 May 2012, 30 June 2012 and 30 June 2013.

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Directors consider the carrying amounts of the current financial assets and liabilities recorded at amortised cost in the consolidated and Company's statement of financial position approximate their fair values due to their immediate or short-term maturities.

The carrying amounts of non-current pledged bank deposits, secured bank loans and convertible bonds approximate their fair values based on the respective interest rates currently available for similar financial assets and liabilities.

7. SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker, being the most senior executive management of the Group, for making strategic decisions and assessing the performance of each operating segment. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments are organised as follows:

1. Plantation of agricultural produce – planting, cultivation and sale of fresh oranges

2. Production of processed fruits – manufacture and sale of FCOJ and its related products

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FOR THE YEAR ENDED 30 JUNE 2013

7. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment.

	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Consolidated RMB'000
Year ended 30 June 2013			
Segment revenue			
Sales to external customers	145,273	380,501	525,774
Intersegment sales	33,943	130,594	164,537
Segment revenue	179,216	511,095	690,311
Elimination			(164,537)
Consolidated revenue			525,774
Segment results	10,679	153,243	163,922
Unallocated gains			7,335
Corporate and other unallocated expenses			(27,583)
Finance costs			(43,935)
Profit before tax			99,739
At 30 June 2013			
Assets and liabilities			
Segment assets	732,062	491,953	1,224,015
Corporate and other unallocated assets			645,615
Total assets			1,869,630
Segment liabilities	6,102	33,772	39,874
Corporate and other unallocated liabilities			449,618
Total liabilities			489,492

7. SEGMENT INFORMATION *(Continued)*

	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Consolidated RMB'000
Year ended 30 June 2012			
Segment revenue			
Sales to external customers	139,221	511,778	650,999
Intersegment sales	38,810	–	38,810
Segment revenue	178,031	511,778	689,809
Elimination			(38,810)
Consolidated revenue			650,999
Segment results	80,901	197,915	278,816
Unallocated gains			8,346
Corporate and other unallocated expenses			(10,323)
Finance costs			(26,716)
Profit before tax			250,123
At 30 June 2012			
Assets and liabilities			
Segment assets	499,549	539,442	1,038,991
Corporate and other unallocated assets			651,700
Total assets			1,690,691
Segment liabilities	8,970	34,732	43,702
Corporate and other unallocated liabilities			359,773
Total liabilities			403,475

7. SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segment are identical to the Group's accounting policies as described in note 3. Segment results represent the profit attributable to each segment without allocation of central administration costs, director's remuneration, bank interest income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources between segments:

(a) all assets are allocated to operating segments other than pledged bank deposits, cash and cash equivalents, certain property, plant and equipment and other receivables which were managed in a centralised manner.

(b) all liabilities are allocated to operating segments other than secured bank loans, convertible bonds, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

Other segment information

	Year ended 30 June 2013			
	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amounts included in the measure of segment profit or segment assets:				
Depreciation and amortisation *(note 1)*	6	30,678	158	30,842
Additions to non-current assets *(note 2)*	11,374	20,744	400	32,518
Loss on disposal of property, plant and equipment	–	297	–	297
Written-off of inventories	5,820	–	–	5,820
Gain from changes in fair value of biological assets less costs to sell	(30,455)	–	–	(30,455)
Government grants	–	(2,360)	–	(2,360)
Written off of lease prepayments for orange plantations on deregistration of a subsidiary	886	–	–	886
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(6,524)	(6,524)
Finance costs	–	–	43,935	43,935
Income tax expense	–	–	32,665	32,665

7. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Year ended 30 June 2012			
	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amounts included in the measure of segment profit or segment assets:				
Depreciation and amortisation *(note 1)*	363	23,649	231	24,243
Additions to non-current assets *(note 2)*	–	228,673	–	228,673
Loss on disposal of property, plant and equipment	–	413	–	413
Written-off of inventories	4,241	–	–	4,241
Gain from changes in fair value of biological assets less costs to sell	(108,511)	–	–	(108,511)
Government grants	–	(2,360)	–	(2,360)
Impairment loss of other receivables – indemnification assets	–	10,325	–	10,325
Loss on disposal of held-for-trading investments	–	–	425	425
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(7,921)	(7,921)
Finance costs	–	–	26,716	26,716
Income tax credit	–	–	(139)	(139)

Note 1: Amount excluded amortisation of lease prepayments for orange plantations.

Note 2: Amount included property, plant and equipment, intangible assets and land use rights acquired from business combination and excluded additions to lease prepayments for orange plantations and pledged bank deposits.

7. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Geographic information

In view of the fact that the Group mainly operates in the PRC, no geographical segment information is presented.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2013 RMB'000	2012 RMB'000
Sales of orange juice products		
– Sales of FCOJ	**260,217**	254,099
– Sales of orange juice pulp	**95,072**	221,900
– Sales of orange fibre	**22,717**	30,147
– Others	**2,495**	5,632
Sales of fresh oranges	**145,273**	139,221
	525,774	650,999

Information about major customers

The Group has identified 4 customers (2012: 2) which individually represented over 10% of the Group's total external sales.

The sales to the major customers during the years are as follows:

	2013 RMB'000	2012 RMB'000
Customer A[1]	**101,696**	202,422
Customer B[2]	**N/A[3]**	73,518
Customer C[2]	**97,617**	N/A[3]
Customer D[1]	**64,396**	N/A[3]
Customer E[1]	**56,883**	N/A[3]

1 Revenue from production of processed fruits segment.

2 Revenue from plantation of agricultural produce segment.

3 The corresponding revenue did not contribute over 10% of the total external sales of the Group.

8. REVENUE AND OTHER REVENUE

Revenue represents the revenue arising on the sales of fresh oranges, FCOJ and its related products.

An analysis of other revenue is as follows:

	2013 RMB'000	2012 RMB'000
Bank interest income	**6,524**	7,921
Government grants *(note 32)*	**2,360**	2,360
Net foreign exchange gain	**811**	425
Others	**5**	70
	9,700	10,776

9. OTHER OPERATING EXPENSES

	2013 RMB'000	2012 RMB'000 (Restated)
Equity-settled share based payment	**16,977**	729
Impairment loss of other receivables – indemnification assets	**–**	10,325
Others	**297**	1,402
	17,274	12,456

10. FINANCE COSTS

	2013 RMB'000	2012 RMB'000
Imputed interest expenses on convertible bonds *(note 31)*	**30,743**	18,054
Interest expenses on secured bank loans wholly repayable within five years	**13,192**	8,662
	43,935	26,716

11. PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	2013 RMB'000	2012 RMB'000
Staff costs, including Directors' and chief executive's remuneration *(note 12)*:		
Wages, salaries and other benefits	**81,916**	86,427
Contributions to defined contribution plans	**7,446**	3,651
Equity-settled share based payment expenses	**16,977**	729
	106,339	90,807
Amortisation of land use rights	**415**	357
Amortisation of intangible assets	**8,404**	5,602
Depreciation of property, plant and equipment	**22,023**	18,284
Operating lease charges in respect of rented premises	**60,758**	31,621
Auditor's remuneration	**1,013**	1,100
Written-off of inventories recognised in cost of sales	**5,820**	4,241
Written-off of lease prepayments for orange plantations on deregistration of a subsidiary	**886**	–
Loss on disposal of property, plant and equipment	**297**	413
Loss on disposal of held-for-trading investments	**–**	425

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the six (2012: seven) directors and one (2012: one) chief executive were as follows:

	For the year ended 30 June 2013					
	Director's fee RMB'000	Wages, salaries, and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution plans RMB'000	Equity-settled share based payment expenses RMB'000	Total RMB'000
Executive Directors						
Mr. Sin Ke	1,550	–	–	15	194	1,759
Mr. San Kwan	917	710	–	15	452	2,094
Non-executive Director						
Mr. Chen Qiuming (appointed on 5 July 2012 and resigned on 30 June 2013)	–	–	–	–	–	–
Independent Non-executive Directors						
Mr. Zhuang Xueyuan	48	–	–	–	–	48
Mr. Zhuang Weidong	48	–	–	–	–	48
Mr. Zeng Jianzhong	48	–	–	–	–	48
Chief Executive						
Mr. Liao Yuang-whang	–	1,757	116	15	1,532	3,420
	2,611	2,467	116	45	2,178	7,417

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	For the year ended 30 June 2012					
	Director's fee RMB'000	Wages, salaries, and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution plans RMB'000	Equity-settled share based payment expenses RMB'000	Total RMB'000
Executive Directors						
Mr. Sin Ke	997	600	800	7	70	2,474
Mr. San Kwan	600	600	800	9	112	2,121
Non-executive Director						
Mr. Liao Yuang-whang (appointed on 13 December 2011 and resigned on 16 March 2012)	103	–	–	–	–	103
Independent Non-executive Directors						
Mr. Zhuang Xueyuan	48	–	–	–	–	48
Mr. Zhuang Weidong	48	–	–	–	–	48
Mr. Zeng Jianzhong (appointed on 1 September 2011)	40	–	–	–	–	40
Mr. Tu Zongcai (resigned on 1 September 2011)	8	–	–	–	–	8
Chief Executive						
Mr. Liao Yuang-whang (appointed on 19 March 2012)	–	513	–	1	–	514
	1,844	1,713	1,600	17	182	5,356

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 30 June 2013 and 2012.

During the years ended 30 June 2013 and 2012, no remuneration was paid by the Group to the Directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

The remunerations of Directors and the chief executive were determined by the remuneration committee having regard to the performance of individuals and market trends.

Mr. Sin Ke was also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive during the period from 1 July 2011 to 19 March 2012.

13. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees during the year included two (2012: two) Directors and one chief executive (2012: one), details of whose remuneration are set out in note 12 above. The remuneration of the remaining two (2012: two) highest paid employees is set out below:

	2013 RMB'000	2012 RMB'000
Wages, salaries and other benefits	**704**	502
Discretionary bonuses	**18**	700
Contributions to defined contribution plans	**25**	14
Equity-settled share based payment expenses	**113**	70
	860	1,286

The remuneration is within the following bands:

	Number of employees	
	2013	2012
Nil to HK$1,000,000 (2013: equivalent to nil to RMB792,000; 2012: equivalent to nil to RMB819,000)	**2**	2

During the years ended 30 June 2013 and 2012, no remuneration was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. INCOME TAX EXPENSE (CREDIT)

	2013 RMB'000	2012 RMB'000
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**34,766**	1,262
Deferred tax		
Reversal of temporary differences *(note 35)*	**(2,101)**	(1,401)
Income tax expense (credit)	**32,665**	(139)

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profit subject to Hong Kong Profits Tax for both years.

14. INCOME TAX EXPENSE (CREDIT) *(Continued)*

The provision for PRC EIT is based on the respective applicable rates on the estimated assessable income of the Company's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC for the both years.

With effect from 1 January 2011, the Company's subsidiaries which are responsible for orange juice production are exempt from EIT on profits from orange juice production, pursuant to Cai Shui [2008] No. 149 issued by the Ministry of Finance of the PRC. Accordingly, from 1 January 2011, certain subsidiaries of the Group in the PRC (i.e. cultivation and selling of self-cultivated fresh oranges and orange juice production) are exempt from EIT, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations. Before 1 January 2011, these subsidiaries are subject to EIT at 25% in the PRC.

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for the years ended 30 June 2013 and 2012.

The income tax expense (credit) for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013 **RMB'000**	2012 RMB'000
Profit before tax	**99,739**	250,123
Tax at the statutory tax rate (25%)	**24,935**	62,531
Tax effect of non-deductible expenses	**20,099**	8,041
Tax effect of non-taxable income	**(937)**	(408)
Tax effect of different taxation rates of subsidiaries operating in other jurisdictions	**4,282**	1,537
Tax effect of tax exemptions granted to subsidiaries in the PRC	**(49,347)**	(71,840)
Tax on distributions of a deregistered subsidiary *(Note)*	**33,633**	–
Income tax expense (credit)	**32,665**	(139)

Note: The subsidiary, 三明天溢農業綜合開發有限公司 was deregistered during the year ended 30 June 2013. The undistributed profits of 三明天溢農業綜合開發有限公司 amounted to approximately RMB134,533,000 were distributed to its shareholders 三明森美食品有限公司 and 重慶尚果農業科技有限公司, such distributions are subject to PRC corporate income tax at 25%.

15. DIVIDEND

Dividends recognised as distribution during the year:

	2013 **RMB'000**	2012 RMB'000
2013 Interim – HK1.5 cents (equivalent to approximately RMB1.19 cents) (2012: nil) per ordinary share	**14,378**	–

15. DIVIDEND *(Continued)*

Subsequent to the end of the reporting period, a final dividend of HK$2.5 cents (equivalent to approximately RMB1.99 cents) in respect of the year ended 30 June 2013 (2012: nil) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2013 RMB'000	2012 RMB'000
Earnings for the purpose of basic earnings per share	**67,074**	250,262
Effect of effective interest on the liability component of convertible bonds	**–**	14,573
Earnings for the purpose of diluted earnings per share	**67,074**	264,835

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Number of shares

	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,209,581,221**	1,138,453,800
Effect of deemed issue of shares under the conversion of convertible bonds *(note 31)*	**–**	67,831,079
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 33)*	**2,722,179**	9,073,618
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,212,303,400**	1,215,358,497

The calculation of diluted earnings per share for the years ended 30 June 2013 does not take into account the potential effect of the deemed conversion of certain convertible bonds into ordinary shares during the year as it has an anti-dilutive effect on the basic earnings per share amount for the year.

17. PROPERTY, PLANT AND EQUIPMENT

	The Group					
	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in Progress RMB'000	Total RMB'000
COST						
At 1 July 2011	48,706	121,558	910	4,263	22,399	197,836
Additions	33,269	964	858	331	200	35,622
Acquired on acquisition of subsidiaries	37,974	21,211	45	60	–	59,290
Disposals	–	(1,152)	–	–	–	(1,152)
At 30 June 2012 and 1 July 2012	119,949	142,581	1,813	4,654	22,599	291,596
Additions	36	19,278	248	492	12,464	32,518
Transfer	–	1,288	–	–	(1,288)	–
Disposals	–	(724)	(2)	–	–	(726)
Exchange realignment	(291)	–	(5)	–	–	(296)
At 30 June 2013	119,694	162,423	2,054	5,146	33,775	323,092
ACCUMULATED DEPRECIATION						
At 1 July 2011	7,372	29,854	428	1,285	–	38,939
Provided for the year	4,438	12,954	313	579	–	18,284
Eliminated on disposals	–	(715)	–	–	–	(715)
At 30 June 2012 and 1 July 2012	11,810	42,093	741	1,864	–	56,508
Provided for the year	6,156	14,913	351	603	–	22,023
Eliminated on disposals	–	(378)	(1)	–	–	(379)
Exchange realignment	(8)	–	(1)	–	–	(9)
At 30 June 2013	17,958	56,628	1,090	2,467	–	78,143
CARRYING VALUES						
At 30 June 2013	101,736	105,795	964	2,679	33,775	244,949
At 30 June 2012	108,139	100,488	1,072	2,790	22,599	235,088

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	The Company		
	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST			
At 1 July 2011	127	–	127
Additions	17	–	17
At 30 June 2012 and 1 July 2012	144	–	144
Additions	5	375	380
At 30 June 2013	149	375	524
ACCUMULATED DEPRECIATION			
At 1 July 2011	60	–	60
Provided for the year	27	–	27
At 30 June 2012 and 1 July 2012	87	–	87
Provided for the year	12	12	24
At 30 June 2013	99	12	111
CARRYING VALUES			
At 30 June 2013	50	363	413
At 30 June 2012	57	–	57

The above items of property, plant and equipment, except for construction in progress, are depreciated at the following rates per annum on a straight-line basis:

Buildings	2.5% to 6.67%
Plant and machinery	5% to 20%
Furniture, fittings and equipment	20% to 33%
Motor vehicles	10% to 20%

At 30 June 2013, the carrying values of the Group's buildings located in the PRC and Hong Kong amounted to approximately RMB96,806,000 (2012: RMB102,821,000) and RMB4,930,000 (2012: RMB5,318,000) respectively. The above buildings are depreciated over the terms of the leases. All buildings are situated on lands held under medium-term lease.

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 30 June 2013, included in property, plant and equipment are buildings with carrying amount of approximately RMB5,325,000 (2012: RMB5,638,000) which are located in the PRC and the Group is in the process of obtaining the building certificates.

At 30 June 2013, the carrying value of the Group's property, plant and equipment of approximately RMB117,190,000 (2012: RMB65,227,000) was pledged as security for the banking facilities granted to the Group.

18. LAND USE RIGHTS

	The Group RMB'000
COST	
At 1 July 2011	12,557
Acquired on acquisition of subsidiaries	5,520
Additions	2,191
At 30 June 2012, 1 July 2012 and 30 June 2013	20,268
ACCUMULATED AMORTISATION	
At 1 July 2011	1,527
Provided for the year	357
At 30 June 2012 and 1 July 2012	1,884
Provided for the year	415
At 30 June 2013	2,299
CARRYING VALUES	
At 30 June 2013	17,969
At 30 June 2012	18,384

All the Group's land use rights relate to lands located in the PRC under medium-term lease.

At 30 June 2013, the carrying value of the Group's land use rights of approximately RMB15,848,000 (2012: RMB7,646,000) was pledged as security for the banking facilities granted to the Group.

19. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	The Group	
	2013 **RMB'000**	2012 RMB'000
At 1 July	**391,272**	137,075
Additions	**303,075**	284,995
Refund	**(9,988)**	–
Written-off on deregistration of a subsidiary	**(886)**	–
Amortisation	**(60,143)**	(30,798)
At 30 June	**623,330**	391,272
Analysed for reporting purposes as:		
Current portion	**85,418**	48,178
Non-current portion	**537,912**	343,094
	623,330	391,272

Lease prepayments for orange plantations represent long-term rentals under operating leases for orange farms in the PRC.

20. GOODWILL

	The Group RMB'000
COST AND CARRYING VALUE	
Arising on acquisition of a subsidiary (note 41), at 30 June 2012 and 30 June 2013	56,696

On 9 November 2011, the Group acquired entire equity interests in Global One Management Limited ("Global One") and its subsidiaries (collectively referred as the "Global One Group"), and goodwill of approximately RMB56,696,000 was recognised upon acquisition. Details are set out in note 41.

Impairment test on goodwill

The Directors conducted impairment review on goodwill attributable to Global One Group at 30 June 2013 by reference to a valuation report issued by Grant Sherman Appraisal Limited ("Grant Sherman"), an independent qualified professional valuer not connected with the Group, who has among its staff members of the Hong Kong Institute of Surveyors. The recoverable amount of Global One Group has been determined by reference to value in use calculations. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of approximately 15% (2012: 15%). The cash flows beyond the five-year period are extrapolated using 5% (2012: 3%) average growth rate. These average growth rates are based on the relevant industry growth rates forecasts and do not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows including budgeted sales and gross margin, such estimation is based on the past experience and management's expectations for the market development and the Directors considered appropriate.

21. INTANGIBLE ASSETS

	The Group		
	Customer list RMB'000	**Customer relationship** RMB'000	**Total** RMB'000
COST			
Acquired upon acquisition of subsidiaries *(note 41)* at 30 June 2012 and at 30 June 2013	82,390	43,660	126,050
ACCUMULATED AMORTISATION			
As at 1 July 2011	–	–	–
Provided for the year	3,662	1,940	5,602
As at 30 June 2012 and 1 July 2012	3,662	1,940	5,602
Provided for the year	5,493	2,911	8,404
At 30 June 2013	9,155	4,851	14,006
CARRYING VALUES			
At 30 June 2013	73,235	38,809	112,044
At 30 June 2012	78,728	41,720	120,448

Customer list and customer relationship have a finite useful life and are amortised on a straight-line basis over 15 years.

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013 **RMB'000**	2012 RMB'000
Unlisted shares, at cost	**266,108**	275,447

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22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following list contains the particulars of principal subsidiaries of the Group:

Name of subsidiary	Class of shares held	Place and date of establishment/ incorporation	Particulars of issued share capital/paid up registered capital	Percentage of ownership interest attributable to the Company				Principal activities
				2013		2012		
				Directly	Indirectly	Directly	Indirectly	
Sunshine Vocal Limited ("Sunshine Vocal")	Ordinary shares	The BVI 17 July 2007	USD100,000	**100%**	**-**	100%	–	Investment holding in Hong Kong
Rich Anges Limited ("Rich Anges")	Ordinary shares	The BVI 10 October 2007	USD1	**100%**	**-**	100%	–	Investment holding in Hong Kong
Potel Limited ("Potel")	Ordinary shares	Hong Kong 3 September 2007	HK$1	**-**	**100%**	–	100%	Investment holding in Hong Kong
Manwell (China) Limited ("Manwell")	Ordinary shares	Hong Kong 22 November2007	HK$1	**-**	**100%**	–	100%	Investment holding in Hong Kong
Global One Management Limited ("Global One")	Ordinary shares	The BVI 18 August 2010	USD1	**-**	**100%**	–	100%	Investment holding in Hong Kong
森美（福建）食品有限公司 Summi (Fujian) Food Co. Limited* ("Summi Fujian") *(note (a))*	Contributed capital	The PRC 15 March 1993	RMB80,000,000	**-**	**100%**	–	100%	Manufacturing and selling of FCOJ in PRC
三明森美食品有限公司 Sanming Summi Food Co. Limited* ("Sanming Summi") *(note (b))*	Contributed capital	The PRC 27 September 2007	RMB10,000,000	**-**	**100%**	–	100%	Manufacturing and selling of FCOJ in PRC
重慶天邦食品有限公司 Chongqing Tianbang Food Co. Limited* ("Chongqing Tianbang") *(note (a))*	Contributed capital	The PRC 6 August 2008	HK$80,000,000	**-**	**100%**	–	100%	Manufacturing and selling of FCOJ in PRC
懷化歐勁果業有限公司 ("Oujing") *(note (b))*	Contributed capital	The PRC 21 June 2007	RMB30,000,000	**-**	**100%**	–	100%	Manufacturing and selling of FCOJ in PRC
重慶尚果農業科技有限公司 Chongqing Shangguo Fruit Technology Co, Ltd.* ("Chongqing Shangguo") *(note b)*	Contributed capital	The PRC 16 December 2008	RMB35,000,000	**-**	**100%**	–	100%	Sale of fresh oranges in PRC
三明天溢農業綜合開發有限公司 Saming Tianyi Agricultural integrated development Co., Ltd.* ("Sanming Tianyi") *(note (b) and (c))*	Contributed capital	The PRC 19 December 2008	RMB2,000,000	**-**	**-**	–	100%	Sale of fresh oranges in PRC
重慶邦興果業有限公司 Chongqing Bangxing Fruit Co., Ltd.* ("Chongqing Bangxing") *(note (b))*	Contributed capital	The PRC 18 November 2011	RMB2,000,000	**-**	**100%**	–	100%	Sale of fresh oranges in PRC
懷化森美農業有限公司 ("Huaihua Summi") *(note (b) and (d))*	Contributed capital	The PRC 25 October 2012	RMB500,000	**-**	**100%**	–	–	Inactive

* The English translation is for identification purposes only.

Notes:
(a) Wholly-owned foreign enterprise
(b) Companies incorporated as private companies in the PRC
(c) Deregistered during the year ended 30 June 2013
(d) Established during the year ended 30 June 2013

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.

23. INVENTORIES

	The Group	
	2013	2012
	RMB'000	RMB'000
Consumables and packing materials	**640**	1,089
FCOJ	**32,166**	32,803
	32,806	33,892

The amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Carrying amount of inventories sold	**321,922**	398,818
Written-off of inventories	**5,820**	4,241
Cost of inventories recognised as cost of sales	**327,742**	403,059

Production quantities of agricultural produce are as follows:

	The Group	
	2013	2012
	Tonnes	Tonnes
Oranges	**142,885**	113,478

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24. BIOLOGICAL ASSETS

Movements in biological assets, representing oranges before harvest, are summarised as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
At 1 July	**83,325**	46,335
Increase due to cultivation	**138,926**	123,764
Gain from changes in fair value less cost to sell *(note a)*	**30,455**	108,511
Harvested oranges transferred to inventories	**(180,049)**	(195,285)
At 30 June *(note b)*	**72,657**	83,325

Notes:

(a) The Directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates.

(b) All oranges are harvested annually and are harvested shortly before the calendar year end. The Directors consider that there was no active market for the oranges before harvest at the end of the reporting period. The present value of expected cash flows is not considered a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the Directors consider that the fair value of biological assets at the end of the reporting period cannot be measured reliably and no reliable alternative estimates exist to determine fair value. Therefore, biological assets continue to be stated at cost as at 30 June 2013 and 2012.

The carrying value of biological assets as at 30 June 2013 and 2012 represents cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

25. TRADE RECEIVABLES

The Group allows a credit period of 90 days (2012: 90 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables based on the due dates at the end of the reporting period:

	The Group	
	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**66,459**	75,712
Less than 3 months past due	**–**	26,673
	66,459	102,385

Trade receivables that were neither past due nor impaired related to a wide range of customers that have no recent history of default payment.

25. TRADE RECEIVABLES *(Continued)*

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

The Group did not hold any collateral over the trade receivables.

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Other receivables	**31,048**	20,801	**19,100**	2,821
Less: impairment loss	**–**	(10,325)	**–**	–
	31,048	10,476	**19,100**	2,821
Deposits and prepayments	**2,409**	2,626	**–**	–
	33,457	13,102	**19,100**	2,821

The movements in impairment loss of other receivables – indemnification assets are as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
At 1 July	**10,325**	–
Recognised during the year	**–**	10,325
Written-off against receivables	**(10,325)**	–
At 30 June	**–**	10,325

As disclosed in note 41, the Group acquired the entire equity interest in Global One Group and recognised an indemnification asset arising from tax liabilities undertaken by the vendor of RMB10,325,000 and included in other receivables in the consolidated statement of financial position. Though attempts including legal action have been taken for recovery of debt, at 30 June 2013 and up to the date of approval of these consolidated financial statements, the balance has remained unsettled. Full impairment of approximately RMB10,325,000 was provided for the year ended 30 June 2012. In the opinion of the Directors, the recoverability of the indemnification asset is still remote and full impairment of approximately RMB10,325,000 is written-off for the year ended 30 June 2013.

The Group and the Company did not hold any collateral over the other receivables.

27. PLEDGED BANK DEPOSITS

	The Group	
	2013	2012
	RMB'000	RMB'000
Pledged bank deposits		
Pledged to secure an interest-free entrusted bank loan	**2,550**	5,100
Pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing bank loan	**117,800**	117,800
	120,350	122,900
Less: Current portion of pledged bank deposits	**(120,350)**	(2,550)
Non-current portion of pledged bank deposits	**–**	120,350

As at 30 June 2013, the bank deposits of RMB120,350,000 (2012: RMB122,900,000) comprise five-year term deposits of RMB2,550,000 (2012: RMB5,100,000) pledged to secure an interest-free entrusted bank loan of RMB2,550,000 (2012: RMB5,100,000) and three-year term deposits of RMB117,800,000 (2012: RMB117,800,000) pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing bank loan of RMB114,190,000 (2012: RMB114,190,000) for one of the Group's PRC subsidiaries.

The pledged bank deposits carry fixed interest rate ranging from 3.85% to 4.77% (2012: 3.85% to 4.77%) per annum.

28. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank balances and cash	**488,913**	513,199	**609**	3,494

At 30 June 2013, bank balances and cash of the Group and the Company denominated in RMB amounted to approximately RMB470,928,000 (2012: RMB471,681,000) and RMB5,000 (2012: RMB5,000), respectively. The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business. The bank balances carry interest at market rates which ranges from 0.001% to 0.75% (2012: 0.001% to 1.6%) per annum.

29. TRADE PAYABLES

The Group has financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase is 90 days or on demand (2012: 90 days or on demand).

The following is an aged analysis of trade payables presented based on the due date at the end of the reporting period.

	The Group	
	2013	2012
	RMB'000	RMB'000
Due within 3 months or on demand	**5,909**	7,947

30. SECURED BANK LOANS

	The Group	
	2013	2012
	RMB'000	RMB'000
Carrying amount repayable:		
On demand or within one year	**185,690**	27,000
More than one year, but not exceeding two years	**–**	2,550
	185,690	29,550
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**–**	114,190
	185,690	143,740
Less: Amounts shown under current liabilities	**(185,690)**	(141,190)
Amounts shown under non-current liabilities	**–**	2,550

All the secured bank loans were denominated in RMB.

The secured bank loans at 30 June 2013 comprise an interest-free entrusted bank loan of RMB2,550,000 (2012: RMB5,100,000) extended by a local finance bureau of the PRC, in support of the Group's operations in agricultural industry, a variable-rate bank loan of RMB123,690,000 (2012: 114,190,000) and a fixed-rate bank loan of RMB59,450,000 (2012: RMB24,450,000).

At the end of the reporting period, the effective interest rates (which are also equal to contracted interest rates) on the Group's interest-bearing bank loans are as follows:

	2013	2012
Fixed-rate bank loan	**7.20%**	7.87%
Variable-rate bank loan	**5.54–7.80%**	6.85%

At 30 June 2013 and 2012, bank loans were secured by certain assets of the Group as set out in note 38. In addition, at 30 June 2013 and 2012, certain bank loans were guaranteed by the Director, Mr. Sin Ke.

31. CONVERTIBLE BONDS

(a) Convertible bonds issued in 2012

In May 2012, the Company issued HK$ settled convertible bonds with 3.5% coupon per annum due 2015 in the aggregate principal amount of HK$232,800,000 (the "2012 CB") to an independent third party. The issue of the 2012 CB was completed on 18 May 2012.

The principal terms of the 2012 CB are as follows:

(i) *Optional conversion*

Each bond will, at the option of the bondholders, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 18 May 2012 up to and including 12 May 2015 into fully paid ordinary shares of the Company (the "Shares") with a par value of HK$0.01 each at a conversion price of HK$1.89 per share. A total of 123,174,603 Shares will be allotted and issued upon full conversion of the 2012 CB at the conversion price with HK$ principal amount of the 2012 CB.

(ii) *Redemption at maturity*

Unless previously redeemed, converted, or purchased and cancelled, the 2012 CB will be redeemed on 17 May 2015 at an amount equal to their HK$ principal amount multiplied by 137.5938%.

(iii) *Redemption at the option of the bondholders*

The Company will, at the option of any of the bondholders, redeem all or some of the 2012 CB at their HK$ principal amount multiplied by 137.5938% when there is a change of control of the Company, or when the Shares cease to be listed or admitted to trade on the Stock Exchange.

As the functional currency of the Company is HK$, the conversion of the 2012 CB will be settled by exchange of a fixed amount of cash in HK$ with a fixed number of the Company's equity instruments. In accordance with the requirements of IAS 39 Financial Instruments – Recognition and Measurement, the 2012 CB contract needs to be separated into a liability component consisting of the straight debt element of the 2012 CB, a number of embedded financial derivatives consisting of redemption options, and an equity component representing the conversion options of the bondholders to convert the 2012 CB into equity. The proceeds received from the issue of the 2012 CB have been split as follows:

(i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives and the conversion features. The interest charged for the period is calculated by applying an effective interest rate of 16.79% to the liability component since the 2012 CB were issued.

(ii) Embedded derivatives comprise the fair value of the bondholders' redemption options.

(iii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component and financial derivatives from the proceeds of issue of the compound financial instrument as a whole.

31. CONVERTIBLE BONDS *(Continued)*

(a) Convertible bonds issued in 2012 *(Continued)*

The fair value of the liability component of the 2012 CB was calculated using the Discounted Cash Flow model by Avista Valuation Advisory Limited. The major inputs used in the model as at 18 May 2012 were as follows:

	Liability component of the Company
Stock price	HK$1.33
Exercise price	HK$1.89
Risk-free rate	0.43%
Expected life	3 years
Volatility	61.34%

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the Directors' best estimates.

The Directors consider the possibility of the occurrence of the events of change of control and delisting is nil and the fair value of the Bondholder's redemption options was nil as at 18 May 2012, 30 June 2012 and 30 June 2013.

(b) Convertible bonds issued in 2010

In May 2010, the Company issued USD settled unsecured zero coupon convertible bonds due 2012 in the aggregate principal amount of USD22,000,000 (the "2010 CB"). The subscription amount payable in respect of each USD1,000,000 principal amount of the 2010 CB is approximately RMB6,833,000. The issue of the 2010 CB was completed on 28 May 2010.

The principal terms of the 2010 CB are as follows:

(i) *Optional conversion*

Each bond will, at the option of the bondholders, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 28 May 2010 up to and including 7 May 2012 into fully paid Shares with a par value of HK$0.01 each at a conversion price of HK$2.20 per share and a fixed exchange rate of USD1.00 to HK$7.7825. A total of 77,825,000 Shares will be allotted and issued upon full conversion of the 2010 CB at the conversion price with USD principal amount of the 2010 CB.

(ii) *Mandatory conversion*

Each bond will, in the event that the closing price of the Shares for 30 consecutive trading days during the conversion period exceeds HK$3.00 per Share, be mandatorily converted (unless previously redeemed, converted or purchased and cancelled) into the Shares with a par value of HK$0.01 each at the conversion price. A total of 77,825,000 Shares will be allotted and issued upon full conversion of the 2010 CB at the conversion price with USD principal amount of the 2010 CB.

31. CONVERTIBLE BONDS *(Continued)*

(b) Convertible bonds issued in 2010 *(Continued)*

(iii) *Redemption at maturity*

Unless previously redeemed, converted, or purchased and cancelled, the 2010 CB will be redeemed on 28 May 2012 at an amount equal to their USD principal amount multiplied by 110%.

(iv) *Redemption at the option of the bondholders*

The Company will, at the option of any of the bondholders, redeem all or some of the 2010 CB at their USD principal amount multiplied by 110% when there is a change of control of the Company, or when the Shares cease to be listed or admitted to trading on the Stock Exchange.

As the functional currency of the Company is the HK$, the conversion of the 2010 CB will be settled by exchange of a fixed amount of cash in HK$ with a fixed number of the Company's equity instruments. In accordance with the requirements of IAS 39 Financial Instruments – Recognition and Measurement, the 2010 CB contract needs to be separated into a liability component consisting of the straight debt element of the 2010 CB, a number of embedded financial derivatives consisting of redemption options, and an equity component representing the conversion options of the bondholders to convert the 2010 CB into equity. The proceeds received from the issue of the 2010 CB have been split as follows:

(i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives and the conversion features. The interest charged for the period is calculated by applying an effective interest rate of 11.54% to the liability component since the 2010 CB were issued.

(ii) Embedded derivatives comprise the fair value of the bondholders' redemption options.

(iii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component and financial derivatives from the proceeds of issue of the compound financial instrument as a whole.

The fair value of the liability component of the 2010 CB was calculated using the Discounted Cash Flow model. The major inputs used in the model as at 28 May 2010 were as follows:

	Liability component of the Company
Stock price	HK$2.65
Exercise price	HK$2.20
Risk-free rate	0.73%
Expected life	2 years
Volatility	61.34%

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the Directors' best estimates.

31. CONVERTIBLE BONDS *(Continued)*

(b) Convertible bonds issued in 2010 *(Continued)*

The Directors consider the possibility of the occurrence of the events of change of control and delisting is nil and the fair value of the bondholder's redemption options is nil as at 28 May 2010 and 30 June 2011. Upon maturity on 28 May 2012, the Company redeemed the 2010 CB at an aggregate amount of USD24,200,000 (equivalent to approximately RMB153,795,000), being 110% of all the outstanding principal amount of the 2010 CB.

(c) Movements of the convertible bonds

The movement of the liability and equity components of the convertible bonds for the year is set out below:

	The Group and the Company		
	2010 CB RMB'000	2012 CB RMB'000	Total RMB'000
Liability component			
At 1 July 2011	141,626	–	141,626
Issue of convertible bonds	–	178,148	178,148
Transaction costs on issue of convertible bonds	–	(153)	(153)
Redemption of convertible bonds	(153,795)	–	(153,795)
Interest charged during the year	14,573	3,481	18,054
Interest accrued (included in other payable)	–	(779)	(779)
Exchange realignment	(2,404)	1,034	(1,370)
At 30 June 2012 and 1 July 2012	–	181,731	181,731
Interest charged during the year	–	30,743	30,743
Interest accrued (included in other payable)	–	(6,551)	(6,551)
Exchange realignment	–	(6,554)	(6,554)
At 30 June 2013	–	199,369	199,369
Equity component			
At 1 July 2011	12,285	–	12,285
Issue of convertible bonds	–	11,484	11,484
Transaction costs on issue of convertible bonds	–	(10)	(10)
Redemption of convertible bonds	(12,285)	–	(12,285)
At 30 June 2012, 1 July 2012 and 30 June 2013	–	11,474	11,474
Net carrying amount			
At 30 June 2013	–	210,843	210,843
At 30 June 2012	–	193,205	193,205

No conversion of the convertible bonds has occurred during the years ended 30 June 2013 and 2012.

32. DEFERRED INCOME

Deferred income represents local government grant received for supporting the Group's investment in a concentrated fruit juice production plant. The grant is recognised as other revenue over the estimated useful lives of the production plant assets.

	The Group RMB'000
At 1 July 2011	20,060
Amortised during the year	(2,360)
At 30 June 2012 and 1 July 2012	17,700
Amortised during the year	(2,360)
At 30 June 2013	15,340

The Group received discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agricultural industry and investment in a concentrated fruit juice production plant in Chongqing. These government grants are not recurring in nature and are not only available to the Group. There is no assurance that the Group will receive these government grants in the future.

33. EQUITY-SETTLED SHARE BASED PAYMENTS

A share option scheme was adopted pursuant to a written resolution of the shareholders of the Company passed on 7 June 2008 and refreshed at the annual general meeting held on 5 November 2012 (the "Share Option Scheme"). Each option gives the holder the right to subscribe for one ordinary share of HK$0.01 each of the Company.

The purpose of the Share Option Scheme is to recognise, motivate and provide incentives to those who make contribution to the Group and to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The qualified participants include (i) any full-time or part-time employee of any member of the Group; (ii) any consultant or adviser of any member of the Group; (iii) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (iv) any substantial shareholder of any member of the Group; and (v) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

On 18 November 2008, the Company granted 39,000,000 share options with a subscription price of HK$0.75 per share to certain qualified participants, all of whom were full-time employees of the Group.

On 11 October 2009, the Company granted an additional 10,000,000 share options with a subscription price of HK$0.90 per share to an employee of the Group.

33. EQUITY-SETTLED SHARE BASED PAYMENTS *(Continued)*

On 4 January 2013, the Company granted 62,400,000 share options with a subscription price of HK$1.15 per share to certain qualified participants.

On 21 March 2013, the Company granted 57,200,000 share options with a subscription price of HK$1.03 per share to certain qualified participants.

The terms and conditions of the grants are as follows:

Date of options granted to the employees of the Group	Number of options	Exercise price	Vesting condition and exercisable percentage condition	Up to %	Expiry date of the share options
18 November 2008 ("2008 Option")	39,000,000	HK$0.75	1 year from grant date	31.3	17 November 2018
			2 years from grant date	31.3	
			3 years from grant date	37.4	
11 October 2009 ("2009 Option")	10,000,000	HK$0.90	On the grant date	30.0	10 October 2019
			1 year from grant date	30.0	
			2 years from grant date	40.0	
4 January 2013 ("2013 Option 1")	62,400,000	HK$1.15	On the grant date	100	3 January 2014
21 March 2013 ("2013 Option 2")	57,200,000	HK$1.03	On the grant date	100	20 March 2015
Total options granted	168,600,000				

The following table discloses movements of the Company's share options held by Directors and employees during the year:

Option type	Outstanding at 1/7/2012	Granted during the year	Exercised during the year	Outstanding at 30/6/2013
2008 Option	14,100,000	–	(2,700,000)	11,400,000
2013 Option 1	–	62,400,000	(18,000,000)	44,400,000
2013 Option 2	–	57,200,000	(2,200,000)	55,000,000
	14,100,000	119,600,000	(22,900,000)	110,800,000
Exercisable at the end of year	14,100,000			110,800,000
Weighted average exercise price	HK$0.75	HK$1.09	HK$1.09	HK$1.05

33. EQUITY-SETTLED SHARE BASED PAYMENTS *(Continued)*

The following table discloses movements of the Company's share options held by Directors and employees during prior year:

Option type	Outstanding at 1/7/2011	Exercised during the year	Outstanding at 30/6/2012
2008 Option	20,700,000	(6,600,000)	14,100,000
2009 Option	4,000,000	(4,000,000)	–
	24,700,000	(10,600,000)	14,100,000
Exercisable at the end of year	6,114,000		14,100,000
Weighted average exercise price	HK$0.77	HK$0.81	HK$0.75

The options outstanding at 30 June 2013 had a weighted average exercise price of HK$1.05 (2012: HK$0.75) and a weighted average remaining contractual life of 1.61 years (2012: 6.39 years).

The Group recognised total expenses of approximately RMB16,977,000 for the year ended 30 June 2013 (2012: RMB729,000) in relation to the fair value of the share options granted by the Company and vested during the year.

In respect of the share option exercised during the year, the weighted average share price at dates of exercise is HK$1.35 (2012: HK$1.44).

34. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, of which the contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 5% to 13% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

35. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities of the Group during the year were as follows:

	The Group		
	Intangible assets	Undistributed retained profits of PRC subsidiaries	Total
	RMB'000	RMB'000	RMB'000
At 1 July 2011	–	1,250	1,250
Acquisition of subsidiary	31,513	–	31,513
Credited to profit or loss	(1,401)	–	(1,401)
At 30 June 2012 and 1 July 2012	30,112	1,250	31,362
Credited to profit or loss	(2,101)	–	(2,101)
At 30 June 2013	28,011	1,250	29,261

Pursuant to the EIT Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. At 30 June 2013 and 2012, the Directors believed that should the Group determine to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

At 30 June 2013, deferred tax liabilities of RMB1,250,000 (2012: RMB1,250,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the Directors expect to be distributed by them in the foreseeable future, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained.

However, deferred tax liabilities associated with undistributed earnings of subsidiaries amounting to RMB965,600,000 (2012: RMB705,760,000) have not been recognised at 30 June 2013, as the Company controls the dividend policy of the Group's PRC subsidiaries and the Directors consider it probable that a portion of the undistributed profits earned by the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future.

36. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 July 2011, 30 June 2012, and 30 June 2013	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2011	1,020,800,000	10,208	8,971
Share issued upon acquisition of subsidiaries *(note a)*	177,272,727	1,773	1,444
Share issued under share option scheme *(note b)*	10,600,000	106	86
At 30 June 2012 and 1 July 2012	1,208,672,727	12,087	10,501
Share issued under share option scheme *(note b)*	22,900,000	229	181
At 30 June 2013	1,231,572,727	12,316	10,682

All of the shares issued by the Company rank pari passu in all respects with other shares in issue.

Notes:

(a) On 11 November 2011, 177,272,727 ordinary shares of HK$0.01 each at the closing market price of HK$1.57 (equivalent to RMB1.28) per share were issued as settlement for consideration for the acquisition of the entire equity interest in the Global One Group. Details of the acquisition are disclosed in note 41.

(b) During the year ended 30 June 2013, share options granted under the share option scheme were exercised to subscribe for the Company's 22,900,000 (2012: 10,600,000) ordinary shares of HK$0.01 each at a consideration of HK$24,991,000 (equivalent to RMB19,746,000) (2012: HK$8,550,000 (equivalent to RMB6,949,000)), of which HK$229,000 (equivalent to RMB181,000) (2012: HK$106,000 (equivalent to RMB86,000)) was credited to share capital and the balance of HK$24,762,000 (equivalent to RMB19,565,000) (2012: HK$8,444,000 (equivalent to RMB6,863,000)) was credited to the share premium account.

RMB3,330,000 (2012: RMB3,352,000) has been transferred from the capital reserve to the share premium. Details of the share option scheme are discussed in note 33.

37. RESERVES

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.

(b) Capital reserve

The capital reserve of the Group at 30 June 2013 and 2012 comprises the following:

– The excess of paid-in capital of Summi Fujian of RMB3,585,000.

– The capital reserve of Sunshine Vocal in connection with the waiver of an equity shareholder's loan and related interest of RMB36,396,000.

– The difference between the consideration paid by Chongqing Shangguo to obtain the non-controlling interest in Sanming Tianyi and its carrying amount on the date of the acquisition.

– The fair value of the actual or estimated number of share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 3.

– The amount allocated to the equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 3.

(c) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Group's PRC subsidiaries. Transfers to the reserves were approved by the directors of these companies.

The Group's PRC subsidiaries are required to transfer no less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The Group's PRC subsidiaries made appropriations to discretionary surplus reserve in accordance with their board of directors' resolutions.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company. The reserve is dealt with in accordance with the accounting policies set out in note 3.

37. RESERVES *(Continued)*

(e) The Company's reserves is as follows:

	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2011	165,961	20,079	(7,357)	(9,441)	169,242
Loss for the year	–	–	–	(25,317)	(25,317)
Other comprehensive income					
– Exchange differences arising on translation of foreign operations	–	–	1,153	–	1,153
Total comprehensive income (expense) for the year	–	–	1,153	(25,317)	(24,164)
Recognition of equity component of convertible bonds *(note 31)*	–	11,484	–	–	11,484
Transaction costs attributable to issue of convertible bonds *(note 31)*	–	(10)	–	–	(10)
Redemption of convertible bonds *(note 31)*	–	(12,285)	–	12,285	–
Shares issued under share option scheme *(note 36(b))*	10,215	(3,352)	–	–	6,863
Shares issued upon acquisition of subsidiaries *(note 36(a))*	225,304	–	–	–	225,304
Recognition of equity-settled share based payments *(note 33)*	–	729	–	–	729
At 30 June 2012	401,480	16,645	(6,204)	(22,473)	389,448
At 1 July 2012	401,480	16,645	(6,204)	(22,473)	389,448
Loss for the year	–	–	–	(53,157)	(53,157)
Other comprehensive expense					
– Exchange differences arising on translation of foreign operations	–	–	(12,935)	–	(12,935)
Total comprehensive expense for the year	–	–	(12,935)	(53,157)	(66,092)
Shares issued under share option scheme *(note 36(b))*	22,895	(3,330)	–	–	19,565
Recognition of equity-settled share based payments *(note 33)*	–	16,977	–	–	16,977
Dividend paid	(14,378)	–	–	–	(14,378)
At 30 June 2013	409,997	30,292	(19,139)	(75,630)	345,520

38. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure the bank loans granted to the Group:

	The Group	
	2013	2012
	RMB'000	RMB'000
Property, plant and equipment	**117,190**	65,227
Land use rights	**15,848**	7,646
Pledged bank deposits	**120,350**	122,900
	253,388	195,773

39. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices and orange plantations under operating lease arrangements. Leases are held for one to fifteen years.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013	2012
	RMB'000	RMB'000
Within one year	**497**	162
In the second to fifth years, inclusive	**144,078**	101,708
After fifth years	**143,956**	101,708
	288,531	203,578

40. CAPITAL COMMITMENTS

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

	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Purchase of property, plant and equipment	**186,742**	21,125

41. BUSINESS COMBINATIONS

On 9 November 2011, the Group acquired the entire equity interests in Global One. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately RMB56,696,000. The principal operating subsidiary of Global One Group, Oujing, is mainly engaged in the manufacturing and selling of FCOJ and its related products. The acquisition of Global One Group can further expand the Group's FCOJ production capacity.

Consideration transferred:

	RMB'000
Consideration shares issued in November 2011	226,748

The consideration for the acquisition of Global One Group was satisfied by issuing of 177,272,727 ordinary shares of the Company with par value of HK$0.01. The fair value of the ordinary shares of the Company, determined using the closing market price at the date of acquisition of HK$1.57, amounted to approximately HK$278,318,000 (equivalent to approximately RMB226,748,000).

Acquisition-related costs amounting to approximately RMB114,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the current year and included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	59,290
Intangible assets	126,050
Land use rights	5,520
Inventories	19
Other receivables, deposits and prepayments	422
Cash and cash equivalents	16,776
Income tax payable	(10,325)
Secured bank loans	(6,000)
Other payables and accruals	(512)
Deferred tax liabilities	(31,513)
	159,727

The fair value of other receivables at the date of acquisition amounted to approximately RMB422,000, which was the same as the gross contractual amount of those receivables acquired at the same date. All the receivables at acquisition date are expected to be collected.

41. BUSINESS COMBINATIONS *(Continued)*

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	226,748
Less: net assets acquired	(159,727)
Less: an indemnification asset *(note 26)*	(10,325)
Goodwill arising on acquisition	56,696

Goodwill arose in the acquisition of Global One Group because the acquisition included the benefits of revenue growth, proximity to the supplies of agricultural products assembled workforce and the benefits of expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash inflow arising on acquisition:

	RMB'000
Bank balances and cash acquired	16,776

Impact of acquisition on the results of the Group:

Included in the profit for the year is approximately RMB35,977,000 attributable to Global One Group. Revenue for the year includes approximately RMB94,925,000 generated from Global One Group.

Had the acquisition of Global One Group been completed on 1 July 2011, the revenue of the Group for the year ended 30 June 2012 would have been approximately RMB656,593,000 and the profit for the year would have been approximately RMB246,281,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2011, nor is intended to be a projection of future results.

42. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, the Group has the following significant related party transactions:

(a) At 30 June 2013, the amount of the Company's payables to the subsidiaries of approximately RMB12,470,000 (2012: RMB11,355,000) did not have fixed repayment dates and was unsecured and non-interest bearing. The Directors considered that these payables were not expected to be settled within one year. The effective interest rates on the payables are approximately 7% by reference to the variable-rate bank loan.

(b) At 30 June 2013, the amount of the Company's receivables from the subsidiaries of approximately RMB283,468,000 (2012: RMB313,791,000) did not have fixed repayment date and was unsecured and non-interest bearing. The Directors considered that these receivables were not expected to be settled within one year. The effective interest rates on the receivables are approximately 3.1% by reference to the bank deposit rate.

(c) During the reporting period, remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in note 12 and certain of the highest paid employees as disclosed in note 13 is as follows:

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	**6,330**	7,643
Contributions to defined contribution plans	**156**	55
Equity-settled share based payment expenses	**2,292**	252
	8,778	7,950

43. COMPARATIVE FIGURES

Equity-settled share based payment expenses of approximately HK$729,000 had been reclassified from administrative expenses to other operating expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2012 to conform to current year's presentation as the Directors consider the reclassifications are more meaningful that the expenses were incurred for the Group's business activities rather than its non-operating activities.

As the reclassifications do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 July 2011.

Five Years Financial Summary

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the financial statements of the Groups are summarised below:

Results

	Year ended 30 June 2013 RMB'000	Year ended 30 June 2012 RMB'000	Year ended 30 June 2011 RMB'000	Year ended 30 June 2010 RMB'000	Eighteen months ended 30 June 2009 RMB'000	Twelve months ended 30 June 2009 RMB'000
Revenue	**525,774**	650,999	455,185	479,333	463,771	337,363
Profit for the year/period	**67,074**	250,262	153,768	158,246	97,467	71,069

Assets and liabilities

	As at 30 June				As at 31 December	
	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000	2007 RMB'000
Total assets	**1,869,630**	1,690,691	1,090,437	818,480	493,731	277,463
Total liabilities	**489,492**	403,475	300,701	184,745	39,057	75,223