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

ANNUAL REPORT
年報 2014

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

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

Agricultural Bank of China
Bank of China (H.K.)
Cathay United Bank (Taiwan)
Far Eastern International Bank (Taiwan)
Luso International Banking Ltd.
Xiamen International 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

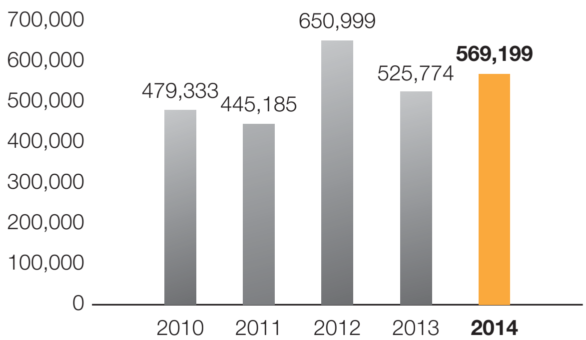
FOR THE YEAR ENDED 30 JUNE

FINANCIAL HIGHLIGHTS

	2014 RMB'000	2013 RMB'000	Change % (Approximate)
Statement of profit or loss and other comprehensive income			
Revenue	**569,199**	525,774	8.3%
Gross profit	**208,093**	198,032	5.1%
Gross profit margin	**36.6%**	37.7%	-1.1pp
EBITDA	**196,363**	174,516	12.5%
Profit for the year	**116,869**	67,074	74.2%
Basic EPS (RMB cents)	**9**	6	50.0%
Statement of financial position			
Total cash and bank deposits	**683,822**	609,263	12.2%
Inventories	**30,986**	32,806	-5.5%
Trade receivables	**38,205**	66,459	-42.5%
Bank loans	**410,490**	185,690	121.1%
Convertible bonds	**229,930**	199,369	15.3%
Net assets value ("NAV")	**1,561,638**	1,380,138	13.2%

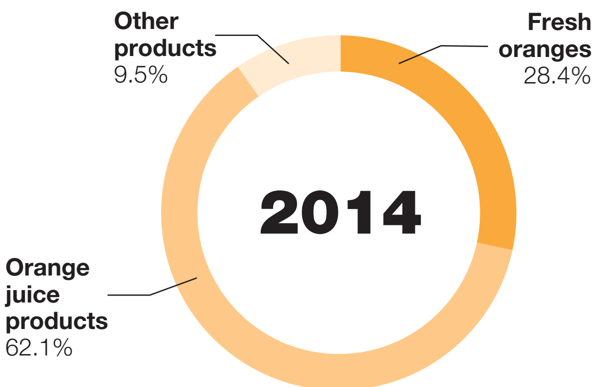
REVENUE

(RMB'000)



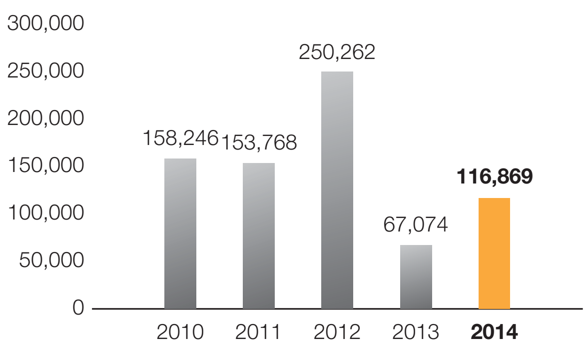
REVENUE BREAKDOWN

(Approximate percentage)



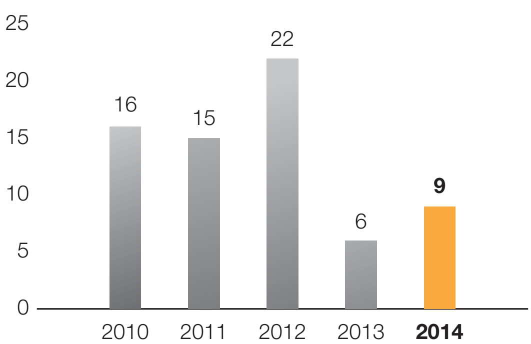
NET PROFIT

(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 2014 (the "Reporting Period").

Since 2013, under the effect of the China government's policy of consumption expansion, the domestic consumer market has stabilised and is expected to accelerate gradually. The total retail sales of social consumer goods has maintained a steady and rapid growth in recent years, which represented by a year-on-year increase of approximately 13.1% to RMB23.4 trillion in 2013. China's beverage market has grown consistently with good supply and demand, continuing the fast growing trend of the beverage market.

INDUSTRY AND BUSINESS REVIEW

In recent years, with economic development and better standards of living, the consumption and education level of Chinese people are increasing accordingly. The growing rational consumption patterns has driven Chinese people consciously select beverage suited their needs. It is noteworthy that more and more Chinese have begun to focus on the healthy and safety issues of beverage. They have become even more willing to buy natural drinks at a higher premium. Therefore, in the China's beverage market, the popularity of traditional carbonated drinks is gradually declining, while the juice beverage market is thereby take this opportunity to accelerate its development. Between 2008 and 2012, juice beverage market maintained over a minimum 15% annual growth. In the first half of 2014, the juice beverage market grows over 20% year-on-year. Among which the fresh squeezed fruit juice has the strongest growth, reflecting a majority of Chinese consumers are more confident over and pay more attention to fresh squeezed fruit juice with higher nutritional value.

The Group has been committed to study and accurately grasp the market trends. The Group has already begun the research and development of the Not-From-Concentrate Orange Juice (the "NFCOJ") in order to cope with the market development in recent years. NFCOJ is a pollution-free juice with a natural flavor that no water, no sugar, no pesticide and no additives is added. Building up on the solid foundation of its orange juice processing business, the Group invests in the development of high-quality NFCOJ products. In Chongqing, two new modern NFCOJ production and packaging lines and one exclusive NFCOJ freezer with storage capacity of forty thousand tonnes will soon be completed and is expected to commence operations in the 4th quarter of 2014. To be able to produce high quality NFCOJ products, the Group implements very strict requirements from the selection of types of orange saplings, fertilisation to harvest, from selections to procurement of raw materials, from production process to the choice of packaging materials, and from product storage to transportation, so as to ensure the preservation of the original orange juice taste and nutrition.

According to the development track of international juice beverage, with better living standards and the change of consumption concept, the fruit juice beverages with natural and high juice contents will undoubtedly become the development trend. In particular, NFC fruit juice is the most popular juice beverage in European and American markets.

It is expected that the market of NFCOJ will be significantly higher than the existing frozen concentrated orange juice (the "FCOJ") business in China. Therefore, the Group is confident that the NFCOJ business will have the opportunity to become a huge driving force for tremendous growth over the next few years.

CHAIRMAN'S STATEMENT

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

Looking ahead, the China's juice beverage industry will grow steadily as driven by the consumer demand. With increasing awareness of health by the Chinese consumers, health will become a main features when selecting beverages. Following the launch of the new business and the continuing enhancement in our research and development ability, the Group will be able to lift up its competitiveness and profitability. Being optimistic of our business outlook in the coming years, the Group will also continue to maintain good cooperation relations with existing customers, actively broaden the market and explore new customers to expand market share. The board (the "Board") of directors (the "Directors") of the Company and I are confident about the prospects of the development of the Group and China's juice beverage industry.

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, 16 September 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in processing and selling of orange juice and its related products, including fresh oranges and orange peels. The Group has a total of four 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 orange juice processors operating its own upstream orange farms.

Citrus species are diversifying in China, and majority of them are used for fresh consumption. In consequence, the supply for orange juice processing is inadequate in China. Furthermore, China's per capita consumption of orange juice per year is less than 2 liters while it is 14 liters in developed countries. There is still a big gap between China and the developed countries, so there is enormous room for the growth of the domestic production and sales volume of orange juice in China.

With economic development in China, consumers are seeking better standards of living, their eating habits and consumption concept change, spending for green natural and health product will become a new pursuit of consumers. The Group responses to the needs of the China market and accelerates the development of NFCOJ. During the Reporting Period, capital expenditure of approximately RMB180,237,000 was invested, which included two new modern NFCOJ production and packaging lines and one exclusive NFCOJ freezer with storage capacity of forty thousand in Chongqing. The NFCOJ production and packaging lines are expected to commence operation in the 4th quarter of 2014. 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 NFCOJ production, including the needs of raw material and production requirements.

OPERATING PERFORMANCE

Revenue

Breakdown of revenue by product for the years ended 30 June 2014 and 2013 are set out as follows:

	2014		2013	
	RMB'000	**Approximate percentage of total revenue**	RMB'000	Approximate percentage of total revenue
Sales of orange juice products	**353,315**	**62.1%**	378,006	71.9%
Sales of fresh oranges	**161,878**	**28.4%**	145,273	27.6%
Sales of other products	**54,006**	**9.5%**	2,495	0.5%
Total revenue	**569,199**	**100.0%**	525,774	100.0%

During the Reporting Period, the Group's revenue increased from approximately RMB525,774,000 for the last year to approximately RMB569,199,000 representing an approximately 8.3% increase.

Sales of orange juice products

In February 2012, "carbendazim" incident in Brazil had caused FCOJ future prices fell sharply. Although the future price has been gradually picked up in 2013, Brazil is still exporting much of its low cost FCOJ inventory, which affects the sales volume of the Group's FCOJ. The sales of the Group's orange juice products, including FCOJ, orange juice pulp and orange fibre, decreased from approximately RMB378,006,000 for the last year to approximately RMB353,315,000 for the Reporting Period. Sales of FCOJ decreased by approximately 2.8% from approximately RMB260,217,000 for the last year to approximately RMB252,884,000. Sales of orange juice pulp decreased by approximately 7.2% from approximately RMB95,072,000 for the last year to approximately RMB88,255,000. Since the orange fibre is used for the production of by-product, i.e. the orange baking fillings, sales of orange fibre dropped by approximately 46.4% from approximately RMB22,717,000 for the last year to approximately RMB12,176,000.

Sales of fresh oranges

During the Reporting Period, there was an increase in average selling price of fresh oranges. Sales of fresh oranges increased by approximately 11.4% from approximately RMB145,273,000 for the last year to approximately RMB161,878,000.

Sales of other products

The Group's other products included orange residue, orange baking fillings and original equipment manufacturer (the "OEM") of grapefruit juice. During the Reporting Period, sales of orange residue decreased by approximately 6.2% from approximately RMB2,495,000 for the last year to approximately RMB2,341,000. Orange baking fillings and grapefruit juice are newly launched products during the Reporting Period, sales were approximately RMB42,195,000 and RMB9,470,000 respectively.

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 2014 and 2013 are set out as follows:

	2014 approximate tonnes	2013 approximate tonnes
Output of oranges from own orange plantations		
– Fresh oranges for sale	**80,500**	81,170
– Oranges for processing	**50,840**	61,715
	131,340	142,885
Purchased oranges for processing	**157,640**	144,188
Total	**288,980**	287,073

Gross Profit

During the Reporting Period, the Group's gross profit in the consolidated statement of profit or loss and other comprehensive income increased by approximately 5.1% to approximately RMB208,093,000 as compared to approximately RMB198,032,000 for the last year. The gross profit margin of the Group slightly decreased to approximately 36.6% (2013: approximately 37.7%).

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 RMB51,032,000 (2013: approximately RMB30,455,000). The significant increment was due to a 15.6% increase in the market price of fresh oranges noted 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 23.0% from approximately RMB7,917,000 for the last year to approximately RMB6,094,000 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 4.1% from approximately RMB69,322,000 for the last year to approximately RMB72,130,000 for the Reporting Period.

Impairment Loss on Intangible Assets

During the Reporting Period, approximately RMB28,093,000 of the impairment loss of intangible assets was recognised. As the orange fibre has been used for the production of by-product, i.e. the orange baking fillings, the product mix of a certain customer changed and thus the income declined during the Reporting Period. The income declined of a certain customer impairs the assumptions of the valuation of the intangible assets. The amount is non–cash in nature and no such expense was noted in last year.

Other Operating Expenses

During the Reporting Period, the Group's other operating expenses were approximately RMB2,662,000 (2013: approximately RMB17,274,000). The amount mainly comprised of donation during the Reporting Period, while the amount for the last year mainly comprised of share option expenses approximately RMB16,977,000 for the share options issued last year. Both expenses are one-off and non-recurring in nature.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB49,179,000 (2013: approximately RMB43,935,000). 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 RMB27,990,000 (2013: approximately RMB24,192,000) 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 Global One Management Limited and its subsidiaries in November 2011, 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.

Net Profit

During the Reporting Period, the Group's net profit significantly increased by approximately 74.2% to approximately RMB116,869,000 as compared to approximately RMB67,074,000 for the last year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Held-to-Maturity Investments

As at 30 June 2014, held-to-maturity investments amounted to approximately RMB16,010,000 (2013: nil).

Liquidity

As at 30 June 2014, current assets amounted to approximately RMB776,607,000 (2013: approximately RMB900,060,000). Current liabilities were approximately RMB486,775,000 (2013: approximately RMB245,522,000).

Financial Resources

As at 30 June 2014, the Group had total cash and bank deposits of approximately RMB683,822,000 (2013: approximately RMB609,263,000); total bank loans of RMB410,490,000 (2013: RMB185,690,000); and outstanding Convertible Bonds of approximately RMB229,930,000 (2013: approximately RMB199,369,000).

As at 30 June 2014, the Group had trade receivables of approximately RMB38,205,000 (2013: approximately RMB66,459,000) and inventories of approximately RMB30,986,000 (2013: approximately RMB32,806,000). The Group had 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 2014, the Company had the Convertible Bonds with the outstanding principal amount of HK$232,800,000 (2013: HK$232,800,000).

As at 30 June 2014, the total bank loans amounted to RMB410,490,000 (2013: RMB185,690,000), of which RMB189,310,000 was secured by cash deposited in offshore bank account (2013: RMB116,740,000). As at 30 June 2014, the Group's proportion of the total bank loans denominated in Renminbi ("RMB") and foreign currencies were approximately 60.0% and approximately 40.0% respectively (2013: RMB approximately 100.0% and foreign currencies nil respectively).

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.

	2014	2013
Quick ratio (x)	**1.3**	3.2
Current ratio (x)	**1.6**	3.7
Gearing ratio *(note (a))*	**41.0%**	27.9%

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

Capital Structure

As at 30 June 2014, the total number of issued Shares was 1,336,460,727 Shares. Based on the closing price of HK$1.07 per Share as at 30 June 2014, the Company's market value as at 30 June 2014 was HK$1,430,012,978.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2014, the Group pledged property, plant and equipment of approximately RMB94,141,000 (2013: approximately RMB117,190,000), land use rights of approximately RMB15,476,000 (2013: approximately RMB15,848,000) and bank deposits of approximately RMB202,170,000 (2013: approximately RMB120,350,000) to secure the bank loans granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no material contingent liabilities (2013: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB468,281,000 (2013: approximately RMB335,593,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations in Chongqing.

PLANTATIONS AND PLANTS

MANAGEMENT DISCUSSION AND ANALYSIS

Orange Plantations

The Group operates approximately 76,000 mu (equivalent to 50.67 km^2) of orange plantations with fruit trees and approximately 70,000 mu (equivalent to 46.67 km^2) of plantations under construction in Chongqing.

Productivity of orange plantations

	2014	2013
Area of own orange plantations with fruit trees	**76,000 mu***	55,000 mu
Average output per mu	**1.7 tonnes***	1.9 tonnes
Area of own orange plantations under construction	**70,000 mu**	91,000 mu
Total area of own orange plantations	**146,000 mu**	146,000 mu

* Approximately 21,000 mu (equivalent to 14 km^2) of orange plantations with fruit trees is having first harvest during the Reporting Period. The average output per mu is 0.8 tonnes.

Processing Plant

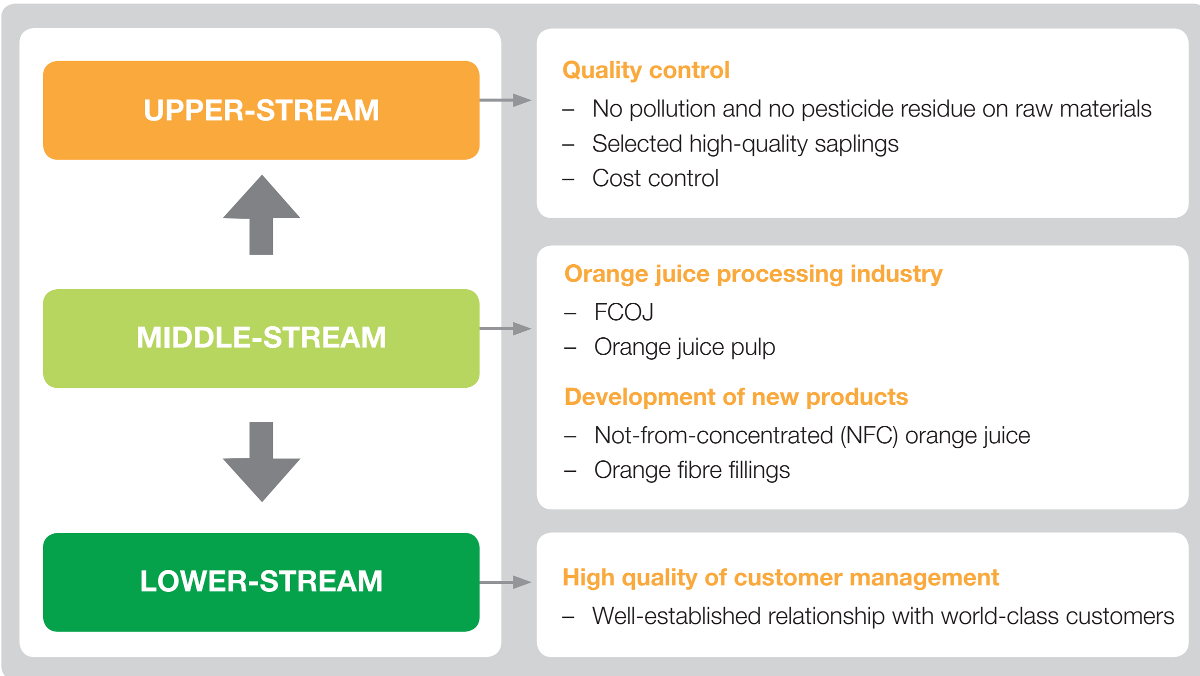
The Group has a total of four highly efficient production plants strategically located in China's major citrus growing areas, Chongqing, Fujian and Hunan, with advanced equipment imported from the US, Switzerland, Italy and Germany.

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 in China.

MANAGEMENT DISCUSSION AND ANALYSIS



HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed 914 employees (2013: 850 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)	10
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 53, 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 46, 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 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 55, 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 April 2007, 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 electrochemistry 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 46, 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 51, 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 45, 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.

Hsu Mi-Chien (許彌堅), aged 53, is the Chief Operating Officer of the Company and a President of the Group's NFCOJ Division. He is responsible for the brand building, the market operations strategic management and market development of the Group's existing products and the NFCOJ. He joined the Group in July 2014. Mr. Hsu graduated from Oxford College in Taipei Tamsui (Aletheia University) and received his bachelor degree in Business Administration Department of Tourism in 1985. After graduation, Mr. Hsu served as senior sales management positions in two large trading companies (Tait & Co., Ltd and EAC, East Asiatic Company) in Taiwan and American Mars Foods Co., Ltd., Taiwan Branch. He traveled to China for further career development, between 2003 to 2006, Mr. Hsu served as the Associate of sales and marketing department of the business sectors in Southern, Central and Northeast China in Ting Hsin International Group. He was responsible for optimisation of the execution of brand strategy and regional strategy, and also the enhancement of brand in the market share in Central China. During 2007 to 2009, Mr. Hsu worked in Gold Hongye Paper (Suzhou Industrial Park) Co., Ltd. (金紅葉紙業(蘇州工業園區)有限公司) of Sinar Mas Group (APP) and Youge Biology Science and Technology Co., Ltd. as general manager, board of directors and other key positions. Mr. Hsu served as general manager South China Region and general manager Division of Drinks of Beijing Huiyuan Group Food & Beverage Co. during 2009 to 2013, was responsible for new product development, brand building, marketing operations management and organizational planning strategy, reform and integration of the existing operators and regional improvement. During 2013 to June 2014, Mr. Hsu worked in Sugere Daily Chemicals Co., Ltd. as general manager of marketing centers, responsible for enhancement of marketing system and management of the company. He has been engaged in business management and marketing management related work since graduation and has gained more than 25 years of experience in this industry.

Save as disclosed above, Mr. Hsu 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

Leung Pui Shan (梁佩珊), aged 34, 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 51, 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.

Xu Min (許民), aged 46, 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 43, 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).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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 51, 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 23 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 42.

No interim dividend was paid or declared in respect of the Reporting Period (2013: HK$1.5 cents).

The Board does not recommend the payment of a final dividend (2013: HK$2.5 cents) for the Reporting Period.

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 114. 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 32% and 46.7% respectively of the Group's total purchases. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 27.9% and 79.6% 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.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 37 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 47.

As at 30 June 2014, the Company had reserves of approximately RMB357,166,000 (2013: approximately RMB334,367,000) available for distribution to the Shareholders.

DONATIONS

The Group's charitable and other donations during the Reporting Period amounted to RMB2,000,000 (2013: nil). No donations were made to political parties.

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

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. Sin Ke and Mr. San Kwan 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 13 to 17 of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors 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 RMB61,593,000 (2013: approximately RMB102,342,000).

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.

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.

REPORT OF THE DIRECTORS

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 2014, 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)	41.88%
Mr. San Kwan	Beneficial owner *(Note 3)*	2,600,000 (L)	0.19%
Mr. Liao Yuang-whang	Beneficial owner *(Note 4)*	1,060,000 (L)	0.08%

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 2)*	111,088,000 (L)	8.31%
Mr. San Kwan	Beneficial owner *(Note 3)*	8,200,000 (L)	0.61%
Mr. Liao Yuang-whang	Beneficial owner *(Note 4)*	2,000,000 (L)	0.15%

Notes:

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

2. Mr. Sin was deemed (by virtue of the SFO) to be interested in 670,800,145 Shares. These shares were held in the following capacity:

   (i) 559,712,145 Shares were held by Key Wise which is a corporation controlled by Mr. Sin. 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.

   (ii) 7,200,000 Shares were held in a beneficial owner capacity and were the 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.

   (iii) 103,888,000 Shares were held in a beneficial owner capacity. Mr. Sin was deemed to be interested in such 103,888,000 Shares as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton Strategic Emerging Markets Fund IV, LDC if the Share price has increased to a prescribed price. For further details, please refer to the announcement of the Company dated 24 February 2014.

3. Mr. San Kwan was deemed (by virtue of the SFO) to be interested in 10,800,000 Shares. These shares were held in the following capacity:

   (i) 2,600,000 Shares were held in beneficial owner capacity.

   (ii) 8,200,000 Shares held in beneficial owner capacity and were the 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. Mr. Liao Yuang-whang was deemed (by virtue of the SFO) to be interested in 3,060,000 Shares. These shares were held in the following capacity:

   (i) 1,060,000 Shares were held in beneficial owner capacity.

   (ii) 2,000,000 Shares were the interests in the options granted on 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 2014, 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.

REPORT OF THE DIRECTORS

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

As at 30 June 2014, 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)	41.88%
Cheer Sky	Interest of controlled corporation *(Note 2)*	559,712,145 (L)	41.88%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse *(Note 3)*	670,800,145 (L)	50.19%
CITIC Capital Holdings Limited	Interest of controlled corporation *(Note 4)*	123,174,603 (L)	9.22%
CITIC Group Corporation	Interest of controlled corporation *(Note 4)*	123,174,603 (L)	9.22%
CITIC Limited	Interest of controlled corporation *(Note 4)*	123,174,603 (L)	9.22%
CITIC Capital China Access Fund Limited	Beneficial owner *(Note 4)*	123,174,603 (L)	9.22%
Templeton Strategic Emerging Markets Fund IV, LDC ("Templeton")	(i) Beneficial owner (ii) Beneficial owner	103,888,000 (L) 103,888,000 (S)	7.77% 7.77%
Templeton Asset Management Limited	(i) Investment manager *(Note 5)* (ii) Investment manager *(Note 5)*	103,888,000 (L) 103,888,000 (S)	7.77% 7.77%
China Orient Asset Management Corporation	Interest of controlled corporation *(Note 6)*	66,872,000 (L)	5.00%

Notes:

1. The letters "L" denote a long position and "S" denotes short 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. Mr. Sin was deemed to be interested in 103,888,000 Shares which held by Templeton as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton if the Share price has increased to a prescribed price. 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, the share options to subscribe for 7,200,000 Shares held by Mr. Sin, and the undertake of 103,888,000 Shares by Mr. Sin by virtue of the SFO.

4. As known to the Directors after making reasonable enquiries, as at 30 June 2014, CITIC Group Corporation wholly owned CITIC Limited which hold 42.78% of CITIC Capital Holdings Limited. 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.

5. As known to the Directors after making reasonable enquiries, as at 30 June 2014, Templeton Asset Management Limited is the investment manager of Templeton which in turn, held 103,888,000 Shares and the short position over 103,888,000 Shares. Therefore, Templeton Asset Management Limited was deemed, or taken to be, interested in the 103,888,000 Shares and the short position over 103,888,000 Shares held by Templeton by virtue of the SFO.

6. As known to the Directors after making reasonable enquiries, as at 30 June 2014, these 66,872,000 Shares were held by China Orient Multi-Strategy Fund, which is wholly-owned by China Orient International Fund Management Limited, and in turn wholly owned by China Orient Asset Management (International) Holding Limited. China Orient Asset Management (International) Holding Limited was owned to as 50% by Wise Leaders Assets Ltd. and 50% by Dong Yin Development (Holdings) Limited. Wise Leaders Assets Ltd. was wholly owned by Dong Yin Development (Holdings) Limited and in turn wholly-owned by China Orient Asset Management Corporation. Therefore, China Orient Asset Management Corporation, Dong Yin Development (Holdings) Limited, Wise Leaders Assets Ltd., China Orient Asset Management (International) Holding Limited, China Orient International Fund Management Limited were deemed, or taken to be, interested in the 66,872,000 Shares held by China Orient Multi-Strategy Fund by virtue of the SFO.

Save as disclosed above, and as at 30 June 2014, 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

A 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.73 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.73 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 exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.73(6) of the Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in Note 42(c) 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.

BANK LOANS

Particulars of bank loans the Group as at 30 June 2014 are set out in note 31 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 35 to the consolidated financial statements.

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 162,067,272 Shares which represented approximately 12.13% of the issued share capital of the Company as at the date of this report.

REPORT OF THE DIRECTORS

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 2013	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 30 June 2014	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	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 years 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
Others qualified Participants**	34,400,000	–	–	34,400,000	–	4 January 2013	1 years from the date of grant	1.15	1.14
	49,000,000	–	1,000,000#	–	48,000,000	21 March 2013	2 years from the date of grant	1.03	1.03
Total	110,800,000	–	1,000,000	44,400,000	65,400,000				

* 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$1.33.

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	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%	–	–	–

REPORT OF THE DIRECTORS

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 34 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 CODE ON CORPORATE GOVERNANCE PRACTICES

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 32 to 39 of this annual report.

CREDIT FACILITY AGREEMENT AND SUBSISTING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 4 October 2013, the Company entered into a credit facility agreement (the "Credit Facility Agreement") with some commercial banks, relating to a term loan facility in an aggregate sum of USD16,000,000. Pursuant to the terms of the Credit Facility Agreement, the Company undertakes to procure that Mr. Sin Ke (being one of the controlling Shareholders of the Company), his family members and the companies incorporated or invested by the Company outside the PRC, shall maintain, individually or jointly, their beneficial ownership of not less than 30% of the total issued share capital of the Company. Any breach of such undertaking shall lead to an event of default under the Credit Facility Agreement. As at the date of this report, the terms of the Credit Facility Agreement and the aforesaid specific performance obligations imposed thereunder are duly complied with. Details of the Credit Facility Agreement and the specific performance obligations imposed are set out in the announcement of the Company dated 4 October 2013.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 21 February 2014, the Company entered into the subscription agreement (the "Subscription Agreement") with Templeton Strategic Emerging Markets Fund, IV, LDC (the "Subscriber"), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 103,888,000 Shares (the "Subscription Shares") at the subscription price of HK$1.12 per Subscription Share (the "Subscription Price") to be satisfied in cash.

On 21 February 2014, Mr. Sin Ke and the Subscriber entered into a deed of undertaking (the "Deed of Undertaking"), pursuant to which Mr. Sin undertakes, among other things, to procure the appointment of the person whom the Subscriber is entitled to nominate as a non-executive Director, not to dispose or create any encumbrances on the Shares owned by Mr. Sin and any person acting in concert with him, and to pay the shortfall amount, being the sale proceeds which the Subscriber would have otherwise received if the relevant Subscription Shares or Additional Shares had been sold at HK$1.70 per Share, less the aggregate of the actual sale proceeds received by the Subscriber and all dividends or distribution previously received by the Subscriber in respect of such Subscription Shares or Additional Shares sold (the "Shortfall") to the Subscriber.

All conditions precedent of the subscription (the "Subscription") of the Subscription Shares by the Subscriber as set out in the Subscription Agreement have been satisfied, and the Subscription was completed on 27 March 2014 in accordance with the terms and conditions of the Subscription Agreement. 103,888,000 new Shares of the Company have been allotted and issued by the Company to the Subscriber, at the Subscription Price of HK$1.12 per Subscription Share under the General Mandate.

Details of the Subscription Agreement and the Deed of Undertaking are set out in the announcements of the Company dated 24 February 2014, 5 March 2014 and 27 March 2014.

EVENTS AFTER REPORTING PERIOD

Early Redemption of the Convertible Bonds by Way of Cash

On 15 August 2014, the Company, Mr. Sin Ke and CITIC Capital China Access Fund Limited (the "Bondholder") entered into a Supplemental Deed (the "Supplemental Deed ") pursuant to which, the Company intends to purchase the 3.5% coupon convertible bonds in an aggregate principal amount of HK$232,800,000 issued by the Company to the Bondholder on 18 May 2012 (the "Bonds") from the Bondholder earlier than the maturity date of 18 May 2015. A total redemption amount of HK$291,658,000 was agreed to retire all outstanding principal and accrued but unpaid interest borne under the Bonds. The redemption amount represents a reasonable discount to the total amount due on maturity, and the redemption amount will be settled by way of cash in the following manners: (a) the first instalment of HK$97,000,000 shall be paid on or before 15 September 2014; and (b) the remaining balance of HK$194,658,000 shall be paid on or before 30 November 2014. The Bonds shall be forthwith cancelled after such purchase.

Details of the Supplemental Deed are set out in the announcements of the Company dated 15 August 2014 and 18 August 2014.

As at the date of this report, the first instalment of redemption amount of HK$97,000,000 has been paid by the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend and vote at the forthcoming AGM to be held on 10 November 2014 (Monday), the register of members of the Company will be closed from 6 November 2014 (Thursday) to 10 November 2014 (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 5 November 2014 (Wednesday).

AUDITORS

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, 16 September 2014

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the Shareholders. 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. The Company has, throughout the Reporting Period, complied with all the relevant code provisions and, where applicable, the recommended best practices as set out in the Code.

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 judgment 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

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 13 to 17. 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.

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, ten 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)*	10/10	1/1
Mr. San Kwan	10/10	1/1
Independent Non-Executive Directors		
Mr. Zhuang Xueyuan	8/10	0/1
Mr. Zhuang Weidong	7/10	0/1
Mr. Zeng Jianzhong	8/10	0/1

The company secretary, financial controller and other selected members from the Company also attended the annual general meeting (the "AGM") together with our external auditor, SHINEWING (HK) CPA Limited to answer any question from Shareholders. All Directors treasure the opportunity to canvass the views of the Shareholders in 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 identified 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. Sin Ke and Mr. San Kwan 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.

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
Mr. San Kwan	1,2
Independent Non-Executive Directors	
Mr. Zhuang Xueyuan	1,2
Mr. Zhuang Weidong	1,2
Mr. Zeng Jianzhong	1,2

Notes:

1 Attend workshop/seminars/conference/continuing development programme

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

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. Mr. Sin Ke is the Chairman of the Board and Mr. Liao Yuang-whang is the Chief Executive Officer of the Company. The roles of the Chairman and the Chief Executive Officer are defined clearly and set out in writing to ensure their accountability and responsibility with respect to the management of the Company.

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.

BOARD DIVERSITY POLICY

Under code provision A.5.6 of the Code, The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report. During the Reporting Period, the Board has adopted a Board Diversity Policy (the "Board Diversity Policy") with effect from 16 July 2013 and approved the amendments to the terms of reference of the Nomination Committee of the Company to align the board diversity.

Selection of candidates will base on a range of diversity criteria, including but not limited to skills, knowledge, gender, age, ethnicity, cultural and educational background, professional experience, length of services and other qualities of candidates. Board appointments will be made on meritocracy and candidates will be considered against objective criteria, with due regard to the benefits of the diversity on the Board. During the Reporting Period, there is no change to the composition of the Board.

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 websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee had, among others, 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 four 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)*	4/4
Mr. Sin Ke	4/4
Mr. Zhuang Weidong	3/4

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 and diversity (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 websites of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee reviewed the existing structure, composition and diversity of the Board and assessed the independence of the independent non-executive Directors. The Nomination also reviewed objectives set for implementing the Board Diversity Policy.

There are four 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)*	4/4
Mr. Zhuang Weidong	4/4
Mr. Zeng Jianzhong	3/4

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 RMB1,070,000 (2013: RMB1,013,000).

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

The company secretary is a full time employee 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. During the Reporting Period, the company secretary undertook more than 15 hours of relevant professional training. The biography of the company secretary is set out in the section "Board of Directors and Senior Management" on page 16 of this annual 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.

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, 16 September 2014

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 42 to 113, which comprise the consolidated and Company's statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE 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 engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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.

INDEPENDENT AUDITOR'S REPORT

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 2014 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
16 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	**2014 RMB'000**	2013 RMB'000
Revenue	*7*	**569,199**	525,774
Cost of sales		**(361,106)**	(327,742)
Gross profit		**208,093**	198,032
Gain from changes in fair value of biological assets less costs to sell	*25*	**51,032**	30,455
Other revenue	*8*	**13,347**	9,700
Distribution costs		**(6,094)**	(7,917)
Administrative expenses		**(72,130)**	(69,322)
Impairment loss on intangible assets		**(28,093)**	–
Other operating expenses	*9*	**(2,662)**	(17,274)
Profit from operations		**163,493**	143,674
Finance costs	*10*	**(49,179)**	(43,935)
Profit before tax	*11*	**114,314**	99,739
Income tax credit (expense)	*14*	**2,555**	(32,665)
Profit for the year attributable to owners of the Company		**116,869**	67,074
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4,691)**	3,503
Total comprehensive income for the year attributable to owners of the Company		**112,178**	70,577
Earnings per share	*16*		
– Basic (RMB)		**0.09**	0.06
– Diluted (RMB)		**0.09**	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	*17*	**394,274**	244,949
Land use rights	*18*	**24,210**	17,969
Lease prepayments for orange plantations	*19*	**747,880**	537,912
Goodwill	*20*	**56,696**	56,696
Intangible assets	*21*	**75,547**	112,044
Held-to-maturity investments	*22*	**16,010**	–
Pledged bank deposits	*28*	**171,062**	–
		1,485,679	969,570
Current assets			
Inventories	*24*	**30,986**	32,806
Biological assets	*25*	**90,485**	72,657
Lease prepayments for orange plantations	*19*	**81,815**	85,418
Trade receivables	*26*	**38,205**	66,459
Other receivables, deposits and prepayments	*27*	**22,356**	33,457
Pledged bank deposits	*28*	**31,108**	120,350
Cash and cash equivalents	*29*	**481,652**	488,913
		776,607	900,060
Current liabilities			
Trade payables	*30*	**10,176**	5,909
Other payables and accruals		**16,849**	20,484
Bank loans	*31*	**229,734**	185,690
Convertible bonds	*32*	**229,930**	–
Income tax payable		**86**	33,439
		486,775	245,522
Net current assets		**289,832**	654,538
Total assets less current liabilities		**1,775,511**	1,624,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Bank loans	31	**180,756**	–
Deferred income	33	**12,980**	15,340
Convertible bonds	32	**–**	199,369
Deferred tax liabilities	36	**20,137**	29,261
		213,873	243,970
Net assets		**1,561,638**	1,380,138
Capital and reserves			
Share capital	37	**11,520**	10,682
Reserves		**1,550,118**	1,369,456
Total equity		**1,561,638**	1,380,138

The financial statements on pages 42 to 113 were approved and authorised for issue by the board of directors on 16 September 2014 and are signed on its behalf by:

Sin Ke
Chairman

San Kwan
Director

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	**2014 RMB'000**	2013 RMB'000
Non-current assets			
Property, plant and equipment	*17*	**302**	413
Investments in subsidiaries	*23*	**269,157**	266,108
Amounts due from subsidiaries	*42(b)*	**441,376**	283,468
Held-to-maturity investments	*22*	**16,010**	–
		726,845	549,989
Current assets			
Other receivables	*27*	**19,162**	19,100
Pledged bank deposits	*28*	**20,870**	–
Cash and cash equivalents	*29*	**20,427**	609
		60,459	19,709
Current liabilities			
Other payables		**2,842**	1,657
Bank loans	*31*	**84,734**	–
Convertible bonds	*32*	**229,930**	–
		317,506	1,657
Net current (liabilities) assets		**(257,047)**	18,052
Total assets less current liabilities		**469,798**	568,041
Non-current liabilities			
Bank loans	*31*	**79,456**	–
Convertible bonds	*32*	**–**	199,369
Amounts due to subsidiaries	*42(a)*	**12,612**	12,470
		92,068	211,839
Net assets		**377,730**	356,202

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 RMB'000	2013 RMB'000
Capital and reserves			
Share capital	37	**11,520**	10,682
Reserves	38	**366,210**	345,520
Total equity		**377,730**	356,202

Sin Ke
Chairman

San Kwan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000 *(Note 38(a))*	Capital reserve RMB'000 *(Note 38(b))*	Statutory reserves RMB'000 *(Note 38(c))*	Exchange reserve RMB'000 *(Note 38(d))*	Retained profits RMB'000	Total RMB'000
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 37 (a))*	181	22,895	(3,330)	–	–	–	19,746
Dividend paid *(note 15)*	–	(14,378)	–	–	–	–	(14,378)
Recognition of equity-settled share based payments *(note 34)*	–	–	16,977	–	–	–	16,977
At 30 June 2013	10,682	409,997	71,608	38,810	5,152	843,889	1,380,138
At 1 July 2013	10,682	409,997	71,608	38,810	5,152	843,889	1,380,138
Profit for the year	–	–	–	–	–	116,869	116,869
Other comprehensive expense for the year							
– Exchange differences arising on translation of foreign operations	–	–	–	–	(4,691)	–	(4,691)
Total comprehensive (expense) income for the year	–	–	–	–	(4,691)	116,869	112,178
Shares issued under share option scheme *(note (37(a))*	8	973	(163)	–	–	–	818
Share options lapsed *(note 34)*	–	–	(5,448)	–	–	5,448	–
Shares issued by subscription *(note 37(b))*	830	92,091	–	–	–	–	92,921
Dividend paid *(note 15)*	–	(24,417)	–	–	–	–	(24,417)
At 30 June 2014	11,520	478,644	65,997	38,810	461	966,206	1,561,638

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**114,314**	99,739
Adjustments for:		
Gain from changes in fair value of biological assets less costs to sell	**(51,032)**	(30,455)
Depreciation of property, plant and equipment	**23,934**	22,023
Amortisation of land use rights	**532**	415
Amortisation of deferred income	**(2,360)**	(2,360)
Amortisation of intangible assets	**8,404**	8,404
Impairment loss on intangible asset	**28,093**	–
Write-off of inventories	**4,982**	5,820
Loss on disposal of property plant and equipment	**225**	297
Write-off of property plant and equipment	**421**	–
Write-off of lease prepayments for orange plantations on deregistration of a subsidiary	**–**	886
Finance costs	**49,179**	43,935
Bank interest income	**(2,626)**	(1,656)
Interest income from pledged bank deposits	**(2,702)**	(4,868)
Interest income from advances	**(754)**	–
Interest income from held-to-maturity investments	**(633)**	–
Equity-settled share based payments	**–**	16,977
Operating cash flows before movements in working capital	**169,977**	159,157
Increase in inventories	**(3,162)**	(4,734)
Decrease in biological assets	**33,204**	41,123
Increase in lease prepayments for orange plantations	**(206,365)**	(232,944)
Decrease in trade receivables	**28,254**	35,926
Decrease in other receivables, deposits and prepayments	**6,239**	1,832
Increase (decrease) in trade payables	**4,267**	(2,038)
Decrease in other payables and accruals	**(3,412)**	(6,920)
Cash from (used in) operations	**29,002**	(8,598)
Income tax paid	**(39,922)**	(1,469)
NET CASH USED IN OPERATING ACTIVITIES	**(10,920)**	(10,067)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(180,801)**	(32,518)
Placement of pledged bank deposits	**(200,119)**	–
Increase in advances	**(23,000)**	–
Purchase of held-to-maturity investments	**(15,727)**	–
Purchase of land use rights	**(10,173)**	–
Interest income received from pledged bank deposits	**11,873**	–
Proceeds from disposal of property, plant and equipment	**4,713**	50
Bank interest received	**2,626**	1,986
Interest income received from advances	**640**	–
Interest income received from held-to-maturity investments	**473**	–
Withdrawal of pledged bank deposits	**117,629**	2,550
NET CASH USED IN INVESTING ACTIVITIES	**(291,866)**	(27,932)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES		
New bank loans raised	**407,948**	68,950
Proceeds from issue of shares	**92,921**	–
Proceeds from issue of shares under share option scheme	**19,575**	989
Repayments of bank loans	**(185,690)**	(27,000)
Dividend paid	**(24,417)**	(14,378)
Interest paid	**(15,826)**	(13,192)
NET CASH FROM FINANCING ACTIVITIES	**294,511**	15,369
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(8,275)**	(22,630)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**488,913**	513,199
Effect of foreign exchange rate changes	**1,014**	(1,656)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**481,652**	488,913

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 other 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.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 1	First-time Adoption of IFRSs – Government Loans
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
International Financial Reporting Interpretation Committee) ("IFRIC") – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised 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)*

IFRS 13 – Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply 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 for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the year. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current year since the amended/additional disclosures provide useful information as intended by the IASB. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in notes 20 and 21. These amendments would continue to be considered for future disclosures.

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

New and revised IFRSs in issue but not yet effective

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to IFRSs	Annual Improvement to IFRSs 2010-2012 Cycle[2]
Amendments to IFRSs	Annual Improvement to IFRSs 2011-2013 Cycle[2]
IFRS 9	Financial Instruments[5]
Amendments to IFRS 10 and IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
IFRS 14	Regulatory Deferral Accounts[3]
IFRS 15	Revenue from Contracts with Customers[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liablities[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with early application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

Annual Improvements to IFRSs 2010–2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2010-2012 Cycle will have a material effect on the Group's financial statements.

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

IFRS 9 – Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to the new requirements for hedge accounting. Final version of IFRS 9 issued in July 2014 incorporates a new expected loss impairment model and introduces limited amendments to the classification and measurement requirements for financial assets. IFRS 9 is mandatorily effective for the periods beginning on or after 1 January 2018 with early adoption permitted.

Key requirements of IFRS 9 are described as follows:

- 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 reporting 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.

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

The new expected-loss impairment model requires more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The Directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, 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)*

Other than disclosed above, the Directors anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

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 and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis except for biological assets and certain financial instruments that are measured at fair values at the end of the reporting period, 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated 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 over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business 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 Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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 statements 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 categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 to 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasehold land and building (Continued)

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.

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 recognised 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 on 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 period. 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 and the Mandatory Provident Fund Scheme (the "MPF Scheme") 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 of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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 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.

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 acquired in a business combination 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. The estimated useful live and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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 when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Group's financial assets comprise held-to-maturity investments and 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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity.

The Group designated the investment in debt securities as held-to-maturity investments because the debt securities have fixed payments and maturity and the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

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 receivables, other receivables and deposits, pledged bank deposits, cash and cash equivalents and amounts due from subsidiaries) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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.

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.

Other financial liabilities

Other financial liabilities including trade and other payables and accruals, 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)

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.

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.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to capital reserve. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion 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.

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 payments

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 in full at the grant date when the share options that vest immediately at the date of grant/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 of disposal 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 immediately in profit or loss.

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 following 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 financial statements.

Legal title of buildings

Despite the Group had 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.

Held-to-maturity investments

The Directors have reviewed the Group's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity investments is approximately RMB16,010,000 (2013: nil). Details of these assets are set out in note 22.

Key sources of estimation uncertainty

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

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 2014, the carrying amount of goodwill was approximately RMB56,696,000 (2013: RMB56,696,000). Details of the recoverable amount and calculation are disclosed in note 20. During the years ended 30 June 2014 and 2013, no impairment loss was provided.

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

Key sources of estimation uncertainty *(Continued)*

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 2014, the carrying amount of property, plant and equipment was approximately RMB394,274,000 (2013: RMB244,949,000). During the years ended 30 June 2014 and 2013, no impairment loss was provided.

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 2014, the carrying amount of intangible assets was approximately RMB75,547,000, net of accumulated impairment loss of RMB28,093,000 (2013: RMB112,044,000 net of accumulated loss of impairment loss of nil).

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 RMB23,934,000 (2013: RMB22,023,000) for the year ended 30 June 2014 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 RMB394,274,000 (2013: RMB244,949,000) as at 30 June 2014.

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 RMB30,986,000 (2013: RMB32,806,000) as at 30 June 2014. 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 years ended 30 June 2014 and 2013, no write-down of inventories was provided.

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 write-off experience. If the financial condition of the customers were to deteriorate, actual write-off would be higher than estimated. As at 30 June 2014, the carrying amount of trade receivables amounted to approximately RMB38,205,000 (2013: RMB66,459,000). During the years ended 30 June 2014 and 2013, 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 2014, the Group's and the Company's carrying amount of other receivables amounted to approximately RMB20,080,000 (2013: RMB31,048,000) and RMB19,162,000 (2013: RMB19,100,000) respectively, net of impairment loss of nil (2013: nil) and nil (2013: nil) respectively.

As at 30 June 2014, the Company's carrying amount of amounts due from subsidiaries amounted to approximately RMB441,376,000 (2013: RMB283,468,000). During the years ended 30 June 2014 and 2013, 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 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 2014, the carrying amount of the Company's investments in subsidiaries amounted to approximately RMB269,157,000 (2013: RMB266,108,000). During the years ended 30 June 2014 and 2013, no impairment loss was provided.

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 the end of each reporting period, there is only 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 25, 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 2014, the carrying amount of biological assets amounted to approximately RMB90,485,000 (2013: RMB72,657,000).

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 2014, the carrying amount of embedded early redemption option of the convertible bonds amounted to nil (2013: 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 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 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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the debt covenant requirement of the loan agreements entered into in current year.

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 2014 and 2013 were categorised as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Held-to-maturity investments	**16,010**	–	**16,010**	–
Loans and receivables (including cash and cash equivalents)	**742,107**	706,770	**501,835**	303,177
Financial liabilities at amortised cost	**667,445**	411,452	**409,574**	213,496

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, 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, bank loans and convertible bonds are disclosed in note 28, 29, 31 and 32, respectively. It is the Group's policy to keep certain of its 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 (2013: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease (2013: increase/decrease) the Group's profit after tax and retained profits by approximately RMB3,350,000 (2013: RMB3,652,000) 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 (2013: 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 2013.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Credit risk

As at 30 June 2014 and 2013, 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 30 June 2013, 19% (2014: nil) and 76% (2014: 86%) 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% (2013: 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 is liquidity requirements in the short and long term.

As at 30 June 2014, the Company is exposed to liquidity risk as the Company has net current liabilities of approximately RMB257,047,000. The Directors are of the opinion that the Company will have sufficient working capital to meet its financial obligations by obtaining external financing and having control on the cash flows of the subsidiaries.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. 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. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. 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 2014					
Trade payables	**10,176**	**–**	**–**	**10,176**	**10,176**
Other payables and accruals	**16,849**	**–**	**–**	**16,849**	**16,849**
Bank loans	**240,108**	**46,929**	**140,476**	**427,513**	**410,490**
Convertible bonds	**263,990**	**–**	**–**	**263,990**	**229,930**
	531,123	**46,929**	**140,476**	**718,528**	**667,445**

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
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

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 2014						
Other payables	2,842	–	–	–	2,842	2,842
Bank loans	89,243	42,026	40,124	–	171,393	164,190
Convertible bonds	263,990	–	–	–	263,990	229,930
Amounts due to subsidiaries	–	–	–	12,612	12,612	12,612
	356,075	42,026	40,124	12,612	450,837	409,574

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

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.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Business risk (Continued)

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 RMB161,878,000 (2013: RMB101,696,000) and RMB461,671,000 (2013: RMB372,972,000), which accounted for approximately 28% (2013: 19%) and 81% (2013: 71%) of the Group's total revenue for the year ended 30 June 2014 and 30 June 2013, 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.

c. Fair values measurements of financial instruments

The Directors consider that the carrying amounts of current position of 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 fair value of the bondholders' redemption options is considered as nil as at 30 June 2013 and 2014 given the Directors consider that the possibility of the occurrence of the events of change of control and delisting during both years is nil.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents the revenue arising on the sales of fresh oranges, orange juice products and other related products.

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 orange juice and its related products

7. REVENUE AND 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 2014			
Segment revenue			
Sales to external customers	161,878	407,321	569,199
Intersegment sales	27,962	120,221	148,183
Segment revenue	189,840	527,542	717,382
Elimination			(148,183)
Consolidated revenue			569,199
Segment results	39,012	141,716	180,728
Unallocated gains			10,987
Corporate and other unallocated expenses			(28,222)
Finance costs			(49,179)
Profit before tax			114,314
At 30 June 2014			
Assets and liabilities			
Segment assets	920,179	619,642	1,539,821
Corporate and other unallocated assets			722,465
Total assets			2,262,286
Segment liabilities	10,640	26,422	37,062
Corporate and other unallocated liabilities			663,586
Total liabilities			700,648

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

	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. REVENUE AND 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 and finance costs. 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 held-to-maturity investments, 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 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 2014			
	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)*	–	32,723	147	32,870
Additions to non-current assets *(note 2)*	–	185,388	–	185,388
Impairment loss on intangible assets	–	28,093	–	28,093
Loss on disposal of property, plant and equipment	–	21	204	225
Write-off of property, plant and equipment	–	421	–	421
Write-off of inventories	4,982	–	–	4,982
Gain from changes in fair value of biological assets less costs to sell	(51,032)	–	–	(51,032)
Government grants	–	(2,360)	–	(2,360)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(2,626)	(2,626)
Interest income from pledged bank deposits	–	–	(2,702)	(2,702)
Interest income from advances	–	–	(754)	(754)
Interest income from held-to-maturity investments	–	–	(633)	(633)
Finance costs	–	–	49,179	49,179
Income tax credit	–	–	(2,555)	(2,555)

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	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
Write-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)
Write-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	–	–	(1,656)	(1,656)
Interest income from pledged bank deposits	–	–	(4,868)	(4,868)
Finance costs	–	–	43,935	43,935
Income tax expense	–	–	32,665	32,665

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, pledged bank deposits and held-to-maturity investments.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Geographic information

In view of the fact that the Group mainly operates in the PRC (country of domicile), no geographical information is presented.

Revenue from major products

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

	2014 RMB'000	2013 RMB'000
Sales of orange juice products	**353,315**	378,006
Sales of fresh oranges	**161,878**	145,273
Sales of other products	**54,006**	2,495
	569,199	525,774

Information about major customers

The Group has identified 5 customers (2013: 4) which individually represented over 10% of the Group's total external sales.

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

	2014 RMB'000	2013 RMB'000
Customer A[1]	**161,878**	97,617
Customer B[2]	**89,946**	101,696
Customer C[2]	**76,662**	64,396
Customer D[2]	**66,872**	N/A[3]
Customer E[2]	**66,313**	56,883

1 Revenue from plantation of agricultural produce segment.

2 Revenue from production of processed fruits segment.

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

8. OTHER REVENUE

	2014 RMB'000	2013 RMB'000
Bank interest income	**2,626**	1,656
Government grants *(note 33)*	**2,360**	2,360
Interest income from pledged bank deposits	**2,702**	4,868
Interest income from advances *(note 27)*	**754**	–
Interest income from held-to-maturity investments	**633**	–
Net foreign exchange gain	**1,927**	811
Refund of land use tax and real estate tax *(note a)*	**1,635**	–
Others	**710**	5
	13,347	9,700

Note:

(a) The refund was awarded to the Group by the local government as incentives unconditionally primarily to encourage the development of the Group and its contribution to the local economic development.

9. OTHER OPERATING EXPENSES

	2014 RMB'000	2013 RMB'000
Donation	**2,000**	–
Equity-settled share based payments	**–**	16,977
Loss on disposal of property, plant and equipment	**225**	297
Write-off of property, plant and equipment	**421**	–
Others	**16**	–
	2,662	17,274

10. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Imputed interest expenses on convertible bonds *(note 32)*	**34,447**	30,743
Interest expenses on bank loans wholly repayable within five years	**14,732**	13,192
	49,179	43,935

11. PROFIT BEFORE TAX

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

	2014 RMB'000	2013 RMB'000
Staff costs, including Directors' and chief executive's remuneration *(note 12)*:		
Wages, salaries and other benefits	**78,132**	81,916
Contributions to defined contribution plans	**7,459**	7,446
Equity-settled share based payment expenses	**–**	16,977
	85,591	106,339
Amortisation of land use rights	**532**	415
Amortisation of intangible assets	**8,404**	8,404
Depreciation of property, plant and equipment	**23,934**	22,023
Operating lease charges in respect of rented premises	**77,226**	60,758
Less: operating lease capitalised in biological assets	**(32,785)**	(24,346)
	44,441	36,412
Auditor's remuneration	**1,070**	1,013
Write-off of inventories recognised in cost of sales	**4,982**	5,820
Write-off of lease prepayments for orange plantations on deregistration of a subsidiary	**–**	886

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the five (2013: six) directors and one (2013: one) chief executive were as follows:

	For the year ended 30 June 2014					
	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	1,551	–	–	12	–	1,563
Mr. San Kwan	1,361	720	198	12	–	2,291
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	–	1,759	5,155	12	–	6,926
	3,056	2,479	5,353	36	–	10,924

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

	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

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 2014 and 2013.

During the years ended 30 June 2014 and 2013, 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.

13. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees during the year included two (2013: two) Directors and one (2013: one) chief executive, details of whose remuneration are set out in note 12 above. The remuneration of the remaining two (2013: two) highest paid employees is set out below:

	2014 RMB'000	2013 RMB'000
Wages, salaries and other benefits	**677**	704
Discretionary bonuses	**48**	18
Contributions to defined contribution plans	**33**	25
Equity-settled share based payment expenses	**–**	113
	758	860

The remuneration is within the following bands:

	Number of employees	
	2014	2013
Nil to HK$1,000,000 (equivalent to nil to RMB801,000) (2013: equivalent to nil to RMB792,000)	**2**	2

During the years ended 30 June 2014 and 2013, 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 CREDIT (EXPENSE)

	2014 RMB'000	2013 RMB'000
Current tax – PRC Enterprise Income Tax ("EIT")		
Provision for the year	**(6,569)**	(34,766)
Deferred tax		
Reversal of temporary differences *(note 36)*	**9,124**	2,101
Income tax credit (expense)	**2,555**	(32,665)

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 CREDIT (EXPENSE) *(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 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.

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 2014 and 2013.

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

	2014 RMB'000	2013 RMB'000
Profit before tax	**114,314**	99,739
Tax at the statutory tax rate (25%)	**28,579**	24,935
Tax effect of non-deductible expenses	**11,289**	20,099
Tax effect of non-taxable income	**(1,179)**	(937)
Tax effect of different taxation rates of subsidiaries operating in other jurisdictions	**4,255**	4,282
Tax effect of tax exemptions granted to subsidiaries in the PRC	**(46,871)**	(49,347)
Withholding tax on interest income received by non-resident enterprise in the PRC	**1,372**	–
Tax on distributions of a deregistered subsidiary *(Note)*	**–**	33,633
Income tax (credit) expense	**(2,555)**	32,665

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%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

15. DIVIDEND

	2014 RMB'000	2013 RMB'000
Dividends recognised as distribution during the year:		
2014 Interim, paid – nil per share (2013: 2013 Interim, paid – HK1.5 cents (equivalent to approximately RMB1.19 cents))	**–**	14,378
2013 Final, paid – HK2.5 cents (equivalent to approximately RMB1.99 cents) per share (2013: nil)	**24,417**	–
	24,417	14,378

Subsequent to the end of the reporting period, no dividend has been proposed for the year ended 30 June 2014 (2013: HK2.5 cents (equivalent to approximately RMB1.99 cents) per share in respect of the year ended 30 June 2013).

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

	2014 RMB'000	2013 RMB'000
Earnings for the purpose of basic and diluted earnings per share	**116,869**	67,074

Number of shares

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,260,424,847**	1,209,581,221
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 34)*	**12,279,025**	2,722,179
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,272,703,872**	1,212,303,400

The calculation of diluted earnings per share for the years ended 30 June 2014 and 2013 does not take into account the potential effect of the deemed conversion of convertible bonds into ordinary shares as it has an anti-dilutive effect on the basic earnings per share for both years.

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 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 and 1 July 2013	119,694	162,423	2,054	5,146	33,775	323,092
Additions	856	1,849	166	2,280	173,464	178,615
Transfer	–	1,160	–	–	(1,160)	–
Disposals	(5,144)	(65)	(17)	–	–	(5,226)
Write-offs	(537)	–	–	–	–	(537)
Exchange realignment	–	–	3	4	–	7
At 30 June 2014	114,869	165,367	2,206	7,430	206,079	495,951
ACCUMULATED DEPRECIATION						
At 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 and 1 July 2013	17,958	56,628	1,090	2,467	–	78,143
Provided for the year	6,095	16,879	340	620	–	23,934
Eliminated on disposals	(232)	(40)	(16)	–	–	(288)
Eliminated on write-offs	(116)	–	–	–	–	(116)
Exchange realignment	–	–	3	1	–	4
At 30 June 2014	23,705	73,467	1,417	3,088	–	101,677
CARRYING VALUES						
At 30 June 2014	91,164	91,900	789	4,342	206,079	394,274
At 30 June 2013	101,736	105,795	964	2,679	33,775	244,949

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 2012	144	–	144
Additions	5	375	380
At 30 June 2013 and 1 July 2013	149	375	524
Exchange realignment	2	4	6
At 30 June 2014	151	379	530
ACCUMULATED DEPRECIATION			
At 1 July 2012	87	–	87
Provided for the year	12	12	24
At 30 June 2013 and 1 July 2013	99	12	111
Provided for the year	18	97	115
Exchange realignment	1	1	2
At 30 June 2014	118	110	228
CARRYING VALUES			
At 30 June 2014	33	269	302
At 30 June 2013	50	363	413

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 2014, the carrying values of the Group's buildings located in the PRC and Hong Kong amounted to approximately RMB91,164,000 (2013: RMB96,806,000) and nil (2013: RMB4,930,000) 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 2014, included in property, plant and equipment are buildings with carrying amount of approximately RMB5,012,000 (2013: RMB5,325,000) which are located in the PRC and the Group is in the process of obtaining the building certificates.

At 30 June 2014, the carrying value of the Group's property, plant and equipment of approximately RMB94,141,000 (2013: RMB117,190,000) was pledged as security for the banking facilities granted to the Group.

18. LAND USE RIGHTS

	The Group RMB'000
COST	
At 1 July 2012 and 30 June 2013	20,268
Additions	6,773
At 30 June 2014	27,041
ACCUMULATED AMORTISATION	
At 1 July 2012	1,884
Provided for the year	415
At 30 June 2013 and 1 July 2013	2,299
Provided for the year	532
At 30 June 2014	2,831
CARRYING VALUES	
At 30 June 2014	24,210
At 30 June 2013	17,969

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

At 30 June 2014, the carrying value of the Group's land use rights of approximately RMB15,476,000 (2013: RMB15,848,000) were pledged as security for the banking facilities granted to the Group.

19. LEASE PREPAYMENTS FOR ORANGE PLANTATIONS

	The Group	
	2014	2013
	RMB'000	RMB'000
At 1 July	**623,330**	391,272
Additions	**282,893**	303,075
Refund	**–**	(9,988)
Written-off on deregistration of a subsidiary	**–**	(886)
Amortisation	**(76,528)**	(60,143)
At 30 June	**829,695**	623,330
Analysed for reporting purposes as:		
Current portion	**81,815**	85,418
Non-current portion	**747,880**	537,912
	829,695	623,330

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	
At 1 July 2012, 30 June 2013 and 30 June 2014	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.

20. GOODWILL *(Continued)*

Impairment test on goodwill

The Directors conducted impairment review on goodwill attributable to Global One Group at 30 June 2014 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% (2013: 15%). The cash flows beyond the five-year period are extrapolated using 3% (2013: 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			
At 1 July 2012, 30 June 2013 and 2014	82,390	43,660	126,050
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at 1 July 2012	3,662	1,940	5,602
Provided for the year	5,493	2,911	8,404
At 30 June 2013 and 1 July 2013	9,155	4,851	14,006
Provided for the year	5,493	2,911	8,404
Impairment loss recognised	–	28,093	28,093
At 30 June 2014	14,648	35,855	50,503
CARRYING VALUES			
At 30 June 2014	67,742	7,805	75,547
At 30 June 2013	73,235	38,809	112,044

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

21. INTANGIBLE ASSETS *(Continued)*

As at 30 June 2014, the management assessed the recoverable amount of the intangible assets with reference to a valuation report issued by Grant Sherman. The recoverable amount has been determined on the basis of value-in-use calculations. The key assumptions used for the value-in-use calculation are as follows:

	2014	2013
Customer relationship		
Forecast period	**2015–2026**	2014–2026
Growth rate (Weighted average growth rate)	**4%**	14%
Net profit margin (Average net profit margin)	**19%**	24%
Customer churn rate	**7%**	7%
Discount rate	**17.04%**	16.78%
Customer list		
Forecast period	**2015–2026**	2014–2026
Growth rate (Weighted average growth rate)	**2%**	2%
Net profit margin (Average net profit margin)	**24%**	24%
Customer churn rate	**7%**	7%
Discount rate	**17.04%**	16.78%

These calculations use cash flow projections based on financial budgets approved by the management covering a 13-year period. Growth rate on budgeted sales is based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of intangible assets to exceed its recoverable amount.

During the year ended 30 June 2014, the Group recognised an impairment loss of approximately RMB28,093,000 in relation to the customer relationship as there is a decline in income derived from a customer.

22. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprised:

	The Group and the Company	
	2014 **RMB'000**	2013 RMB'000
Debt securities, unlisted	**16,010**	–

The Group's held-to-maturity investments represented debt securities that were issued by financial institution in Macau, and carried fixed interest at 6% per annum (2013: nil), payable semi-annually, and would mature on 30 October 2023. None of these assets has been past due or impaired at the end of the reporting period.

23. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 **RMB'000**	2013 RMB'000
Unlisted shares, at cost	**269,157**	266,108

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
				2014		2013		
				Directly %	Indirectly %	Directly %	Indirectly %	
Sunshine Vocal Limited	Ordinary shares	The BVI 17 July 2007	USD100,000	**100**	**-**	100	–	Investment holding in Hong Kong
Rich Anges Limited	Ordinary shares	The BVI 10 October 2007	USD1	**100**	**-**	100	–	Investment holding in Hong Kong
Potel Limited	Ordinary shares	Hong Kong 3 September 2007	HK$1	**-**	**100**	–	100	Investment holding in Hong Kong
Manwell (China) Limited	Ordinary shares	Hong Kong 22 November 2007	HK$1	**-**	**100**	–	100	Investment holding in Hong Kong

23. INVESTMENTS IN SUBSIDIARIES *(Continued)*

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
				2014		2013		
				Directly %	Indirectly %	Directly %	Indirectly %	
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
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))*	Contributed capital	The PRC 25 October 2012	RMB500,000	-	100	–	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

23. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The above table lists the subsidiaries of the Company 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.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as below:

		Number of subsidiaries	
Principal activity	**Principal place of business**	**2014**	2013
Investment holding	Hong Kong	**1**	1
Inactive	PRC	**–**	1

24. INVENTORIES

	The Group	
	2014 **RMB'000**	2013 RMB'000
Consumables and packing materials	**413**	640
FCOJ	**30,573**	32,166
	30,986	32,806

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

	The Group	
	2014 **RMB'000**	2013 RMB'000
Carrying amount of inventories sold	**356,124**	321,922
Write-off of inventories	**4,982**	5,820
Cost of inventories recognised as cost of sales	**361,106**	327,742

24. INVENTORIES *(Continued)*

Production quantities of agricultural produce are as follows:

	The Group	
	2014 Tonnes	2013 Tonnes
Oranges	**131,340**	142,885

25. BIOLOGICAL ASSETS

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

	The Group	
	2014 RMB'000	2013 RMB'000
At 1 July	**72,657**	83,325
Increase due to cultivation	**162,546**	138,926
Gain from changes in fair value less cost to sell *(note a)*	**51,032**	30,455
Harvested oranges transferred to inventories	**(195,750)**	(180,049)
At 30 June *(note b)*	**90,485**	72,657

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 were harvested annually and were harvested shortly before the calendar year end. The Directors considered 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 was 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 considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 30 June 2014 and 2013.

The carrying value of biological assets as at 30 June 2014 and 2013 represented cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

26. TRADE RECEIVABLES

The Group allowed a credit period of 90 days (2013: 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	
	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	**38,205**	66,459

Trade receivables that were neither past due nor impaired related to all customers that had no recent history of default payment.

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

27. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Other receivables	**20,080**	31,048	**19,162**	19,100
Deposits and prepayments	**2,276**	2,409	**–**	–
	22,356	33,457	**19,162**	19,100

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

At 30 June 2014, included in other receivables were advances in aggregate amount of HK$23,000,000 (equivalent to approximately RMB18,412,000) (2013: nil) made to independent third parties. The advances were unsecured and carried fixed interest rates in range of 7% – 7.2% (2013: nil) per annum and repayable within one year. In August 2014, the advances have been fully settled.

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

	The Group	
	2014 **RMB'000**	2013 RMB'000
At 1 July	**–**	10,325
Write-off against receivables	**–**	(10,325)
At 30 June	**–**	–

For the year ended 30 June 2013, impairment of the indemnification assets of approximately RMB10,325,000 (2014: nil) was written-off as the recoverability of the indemnification assets was remote and the balance remained unsettled though attempts including legal action had been taken for recovery of debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

28. PLEDGED BANK DEPOSITS

		The Group		The Company	
		2014	2013	**2014**	2013
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Pledged bank deposits					
Pledged to secure an interest-free entrusted bank loan		**–**	2,550	**–**	–
Pledged to secure an interest-bearing bank loan		**200,238**	117,800	**18,938**	–
Pledged to secure an interest payable		**1,932**	–	**1,932**	–
		202,170	120,350	**20,870**	–
Less: Current portion of pledged bank deposits	*(a)*	**(31,108)**	(120,350)	**(20,870)**	–
Non-current portion of pledged bank deposits	*(b)*	**171,062**	–	**–**	–

Notes:

(a) As at 30 June 2014, short-term deposits of approximately RMB18,938,000 and RMB10,238,000 were pledged by the Company and one of the Group's subsidiary in Hong Kong, respectively, to secure interest-bearing loans of approximately RMB16,010,000 for the Company and approximately RMB9,500,000 for one of the Group's PRC subsidiary respectively. As both of the loans would mature in the year ending 30 June 2015, the bank deposits were classified as current assets as at 30 June 2014.

As at 30 June 2014, short-term deposit of approximately RMB1,932,000 was pledged by the Company to secure the short-term interest payable of the Company, and thus the bank deposit was classified as current asset as at 30 June 2014.

As at 30 June 2013, the bank deposit of RMB120,350,000 comprises five-year term deposit of RMB2,550,000 pledged to secure an interest-free entrusted bank loan of RMB2,550,000 and a three-year term deposit of 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 for one of the Group's PRC subsidiaries. As both of the loans matured in the year ended 30 June 2014, the bank deposits were classified as current assets as at 30 June 2013.

(b) As at 30 June 2014, a three-year term deposit of RMB171,062,000 was pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing long-term bank loan of RMB103,300,000 and an interest-bearing short-term bank loan of RMB60,500,000 for two of the Group's PRC subsidiaries. As the whole sum of deposits would mature in the year ending 30 June 2017 upon the repayment of long-term bank loan, the pledged deposits were classified as non-current assets as at 30 June 2014.

The pledged bank deposits carried fixed interest rate ranging from 0.05% to 3.37% (2013: 3.85% to 4.77%) per annum.

29. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank balances and cash	**481,652**	488,913	**20,427**	609

At 30 June 2014, bank balances and cash of the Group and the Company denominated in RMB amounted to approximately RMB404,272,000 (2013: RMB470,928,000) and RMB10,098,000 (2013: 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 carried interest at market rates ranging from 0.001% to 0.75% (2013: 0.001% to 0.75%) per annum.

30. TRADE PAYABLES

The Group had financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase of goods was 90 days or on demand (2013: 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	
	2014	2013
	RMB'000	RMB'000
Due within 3 months or on demand	**10,176**	5,909

31. BANK LOANS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Carrying amount repayable:				
Within one year	**229,734**	185,690	**84,734**	–
More than one year, but not exceeding two years	**41,728**	–	**39,728**	–
More than two years, but not exceeding five years	**139,028**	–	**39,728**	–
	410,490	185,690	**164,190**	–
Less: Amounts shown under current liabilities	**(229,734)**	(185,690)	**(84,734)**	–
Amounts shown under non-current liabilities	**180,756**	–	**79,456**	–
Secured	**262,310**	185,690	**16,010**	–
Unsecured	**148,180**	–	**148,180**	–
	410,490	185,690	**164,190**	–
Interest-free borrowing	**–**	2,550	**–**	–
Fixed-rate borrowings	**187,310**	59,450	**16,010**	–
Variable-rate borrowings	**223,180**	123,690	**148,180**	–
	410,490	185,690	**164,190**	–

	2014 RMB'000	2013 RMB'000
Bank loans held by:		
PRC companies	**246,300**	185,690
Non-PRC companies	**164,190**	–
	410,490	185,690

The bank loans at 30 June 2013 comprised an interest-free entrusted bank loan of RMB2,550,000 (2014: nil) extended by a local finance bureau of the PRC, in support of the Group's operations in agricultural industry.

31. BANK LOANS *(Continued)*

As at 30 June 2014, included in the Group's and the Company's unsecured bank loans was a three-year term loan facility in an aggregate sum of USD16,000,000 (equivalent to approximately RMB99,320,000) ("Credit Facility") for the purpose of production scale expansion. The Credit Facility was jointly guaranteed by Mr. Sin Ke and the companies incorporated or invested by the Company outside the PRC. According to the repayment terms, 20% of the principal will be repaid upon the 18th, 24th and 30th months from the borrowing date, the remaining 40% of the principal will be repaid at maturity date on 3 October 2016. Details of the Credit Facility are set out in the announcement issued by the Company on 4 October 2013.

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

	The Group		The Company	
	2014	2013	**2014**	2013
Fixed-rate bank loans	**2.89%–5.00%**	7.20%	**5.00%**	–
Variable-rate bank loans	**2.55%–7.80%**	5.54%–7.80%	**2.55%–4.86%**	–

At 30 June 2014 and 2013, bank loans of approximately RMB189,310,000 (2013: RMB116,740,000) and RMB73,000,000 (2013: RMB68,950,000) were secured by i) pledged bank deposits and ii) certain property, plant and equipments and land use rights of the Group respectively as set out in note 39. In addition, at 30 June 2014 and 2013, certain bank loans were guaranteed by a director, Mr. Sin Ke.

32. CONVERTIBLE BONDS

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 bondholder, 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 18 May 2015 at an amount equal to their HK$ principal amount multiplied by 137.5938%.

(iii) Redemption at the option of the bondholder

The Company will, at the option of the bondholder, 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.

32. CONVERTIBLE BONDS *(Continued)*

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 bondholder's 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 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 considered the possibility of the occurrence of the events of change of control and delisting was nil and the fair value of the bondholder's redemption options was nil as at 18 May 2012, 30 June 2013 and 30 June 2014.

32. CONVERTIBLE BONDS *(Continued)*

The movement of the liability and equity components of the 2012 CB for the year is set out below:

	The Group and the Company		
	Liability component RMB'000	Equity component RMB'000	Total RMB'000
At 1 July 2012	181,731	11,474	193,205
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 and 1 July 2013	199,369	11,474	210,843
Interest charged during the year	34,447	–	34,447
Interest accrued (included in other payable)	(6,457)	–	(6,457)
Exchange realignment	2,571	–	2,571
At 30 June 2014	229,930	11,474	241,404

No conversion of the convertible bonds has occurred during the years ended 30 June 2014 and 2013.

On 15 August 2014, the Company, Mr. Sin Ke and the bondholder entered into a supplemental deed, pursuant to which, the Company intends to repurchase the 2012 CB from the bondholder earlier than the maturity date of 18 May 2015. A total redemption amount of HK$291,658,000 (equivalent to approximately RMB233,472,000) was agreed to retire all outstanding principal and accrued but unpaid interest borne under the 2012 CB. Details of the early redemption of the 2012 CB are set out in note 43 and the announcement issued by the Company on 15 August 2014.

33. DEFERRED INCOME

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

	The Group RMB'000
At 1 July 2012	17,700
Amortised during the year	(2,360)
At 30 June 2013 and 1 July 2013	15,340
Amortised during the year	(2,360)
At 30 June 2014	12,980

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 were not recurring in nature and were not only available to the Group. There was no assurance that the Group would receive these government grants in the future.

34. 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 10,000,000 share options with a subscription price of HK$0.90 per share to an employee of the Group.

34. 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 for the year ended 30 June 2014:

Option type	Outstanding at 1/7/2013	Lapsed during the year	Exercised during the year	Outstanding at 30/6/2014
2008 Option	11,400,000	–	–	11,400,000
2013 Option 1	44,400,000	(44,400,000)	–	–
2013 Option 2	55,000,000	–	(1,000,000)	54,000,000
	110,800,000	(44,400,000)	(1,000,000)	65,400,000
Exercisable at the end of the year	110,800,000			65,400,000
Weighted average exercise price	HK$1.05	HK$1.15	HK$1.03	HK$0.98

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

The following table discloses movements of the Company's share options held by Directors and employees for the year ended 30 June 2013:

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 the year	14,100,000			110,800,000
Weighted average exercise price	HK$0.75	HK$1.09	HK$1.09	HK$1.05

The options outstanding at 30 June 2014 had a weighted average exercise price of HK$0.98 (2013: HK$1.05) and a weighted average remaining contractual life of 1.36 years (2013: 1.61 years).

The Group recognised total expenses of approximately RMB16,977,000 for the year ended 30 June 2013 (2014: nil) in relation to the fair value of the share options granted by the Company and vested during the year ended 30 June 2013.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$1.30 (2013: HK$1.35).

35. RETIREMENT BENEFITS PLANS

The Group operated the MPF Scheme for all qualifying employees in Hong Kong. The assets of the Scheme were 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 was matched by employees and subject to a cap of HK$1,250 from June 2012 to May 2014 and HK$1,500 thereafter per employee.

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.

The total expense recognised in profit or loss of approximately RMB7,459,000 (2013: RMB7,446,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

36. DEFERRED TAX LIABILITIES

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

	The Group		
	Intangible assets RMB'000	Undistributed retained profits of PRC subsidiaries RMB'000	Total RMB'000
At 1 July 2012	30,112	1,250	31,362
Credited to profit or loss	(2,101)	–	(2,101)
At 30 June 2013 and 1 July 2013	28,011	1,250	29,261
Credited to profit or loss	(9,124)	–	(9,124)
At 30 June 2014	18,887	1,250	20,137

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 2014 and 2013, 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 2014, deferred tax liabilities of RMB1,250,000 (2013: 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 approximately RMB864,552,000 (2013: RMB707,447,000) have not been recognised at 30 June 2014, 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 2014 and 2013 will not be distributed in the foreseeable future.

37. SHARE CAPITAL

	Number of shares	Amount HK$'000	Amount RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 July 2012, 30 June 2013, and 30 June 2014	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2012	1,208,672,727	12,087	10,501
Share issued under share option scheme *(note a)*	22,900,000	229	181
At 30 June 2013 and 1 July 2013	1,231,572,727	12,316	10,682
Share issued under share option scheme *(note a)*	1,000,000	10	8
Shares issued by subscription *(note b)*	103,888,000	1,039	830
At 30 June 2014	1,336,460,727	13,365	11,520

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

Notes:

(a) During the year ended 30 June 2014, share options granted under the Share Option Scheme were exercised to subscribe for 1,000,000 (2013: 22,900,000) ordinary shares of the Company in aggregate of HK$0.01 each at a consideration of HK$1,030,000 (equivalent to approximately RMB818,000) (2013: HK$24,991,000 (equivalent to approximately RMB19,746,000)), of which HK$10,000 (equivalent to approximately RMB8,000) (2013: HK$229,000 (equivalent to approximately RMB181,000)) was credited to share capital and the balance of HK$1,020,000 (equivalent to approximately RMB810,000) (2013: HK$24,762,000 (equivalent to approximately RMB19,565,000)) was credited to the share premium account.

RMB163,000 (2013: RMB3,330,000) has been transferred from the capital reserve to the share premium. Details of the share option scheme are discussed in note 34.

(b) Pursuant to a subscription agreement dated 21 February 2014 and a supplemental agreement dated 5 March 2014, 103,888,000 shares were issued and allotted by the Company to Templetion Strategic Emerging Markets Fund, IV, LDC, at an issue price of HK$1.12 per share on 27 March 2014 at a consideration of approximately HK$116,355,000 (equivalent to approximately RMB92,921,000), of which approximately HK$1,039,000 (equivalent to approximately RMB830,000) was credited to share capital and the balance of approximately HK$115,316,000 (equivalent to approximately RMB92,091,000) was credited to share premium account. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 October 2013 and rank pari passu with other shares in all respects. Details of the subscription of shares are set out in the announcements issued by the Company on 24 February 2014, 5 March 2014 and 27 March 2014.

38. 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 2014 and 2013 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.

38. 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 2012	401,480	16,645	(6,204)	(22,473)	389,448
Loss for the year	–	–	–	(53,157)	(53,157)
Other comprehensive expense for the year					
– 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 37(a))*	22,895	(3,330)	–	–	19,565
Recognition of equity-settled share based payments *(note 34)*	–	16,977	–	–	16,977
Dividend paid *(note 15)*	(14,378)	–	–	–	(14,378)
At 30 June 2013	409,997	30,292	(19,139)	(75,630)	345,520
At 1 July 2013	409,997	30,292	(19,139)	(75,630)	345,520
Loss for the year	–	–	–	(51,296)	(51,296)
Other comprehensive income for the year					
– Exchange differences arising on translation of foreign operations	–	–	3,502	–	3,502
Total comprehensive income (expense) for the year	–	–	3,502	(51,296)	(47,794)
Shares issued under share option scheme *(note 37(a))*	973	(163)	–	–	810
Share option lapsed *(note 34)*	–	(5,448)	–	5,448	–
Shares issued by subscription *(note 37(b))*	92,091	–	–	–	92,091
Dividend paid *(note 15)*	(24,417)	–	–	–	(24,417)
At 30 June 2014	478,644	24,681	(15,637)	(121,478)	366,210

39. PLEDGE OF ASSETS

At the end of the reporting period, the Group and the Company had pledged the following assets to banks to secure banking facilities granted to the Group and the Company:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Property, plant and equipment	**94,141**	117,190	**–**	–
Land use rights	**15,476**	15,848	**–**	–
Pledged bank deposits	**202,170**	120,350	**20,870**	–
	311,787	253,388	**20,870**	–

40. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices and orange plantations under operating lease arrangements. Lease 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:

	2014 RMB'000	2013 RMB'000
Within one year	**21,409**	497
In the second to fifth years, inclusive	**144,197**	144,078
After fifth years	**122,955**	143,956
	288,561	288,531

41. CAPITAL COMMITMENTS

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

	2014 RMB'000	2013 RMB'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**65,170**	186,742

42. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the financial statements, the Group and the Company have the following significant related party transactions.

(a) At 30 June 2014, the amount of the Company's payables to the subsidiaries of approximately RMB12,612,000 (2013: RMB12,470,000) 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.

(b) At 30 June 2014, the amounts of the Company's receivables from the subsidiaries of approximately RMB441,376,000 (2013: RMB283,468,000) did not have fixed repayment dates and was unsecured and non-interest bearing. The Directors considered that these receivables were not expected to be settled within one year.

(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:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	**12,781**	6,330
Contributions to defined contribution plans	**204**	156
Equity-settled share based payment expenses	**–**	2,292
	12,985	8,778

The related party transactions in respect of notes (a) to (c) above do not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules. Personal guarantee provided by Mr. Sin Ke as disclosed in note 31 constitutes connected transactions or continuing connected transactions as defined in chapter 14A of the Listing Rules, however, it is exempted from the disclosure requirements in Chapter 14A of the Listing Rules.

43. EVENT AFTER THE REPORTING PERIOD

As disclosed in note 32, the Company, Mr. Sin Ke and the bondholder entered into a supplemental deed on 15 August 2014, pursuant to which, the Company intends to purchase the 2012 CB from the bondholder earlier than the maturity date of 18 May 2015. A total redemption amount of HK$291,658,000 (equivalent to approximately RMB233,472,000) was agreed to retire all outstanding principal and accrued but unpaid interest borne under the 2012 CB. The redemption amount will be settled by way of cash with the first installment of HK$97,000,000 (equivalent to approximately RMB77,649,000) which has already been paid on 12 September 2014 and the remaining balance of HK$194,658,000 (equivalent to approximately RMB155,824,000) shall be paid on or before 30 November 2014. Details of the early redemption of the 2012 CB are set out in the announcements issued by the Company on 15 August 2014 and 18 August 2014.

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 summarized below:

Results

	Year ended 30 June 2014 RMB'000	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
Revenue	**569,199**	525,774	650,999	445,185	479,333
Profit for the year/period	**116,869**	67,074	250,262	153,768	158,246

Assets and liabilities

			As at 30 June		
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Total assets	**2,262,286**	1,869,630	1,690,691	1,090,437	818,480
Total liabilities	**700,648**	489,492	403,475	300,701	184,745