CONTENTS

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS (RMB MILLION)

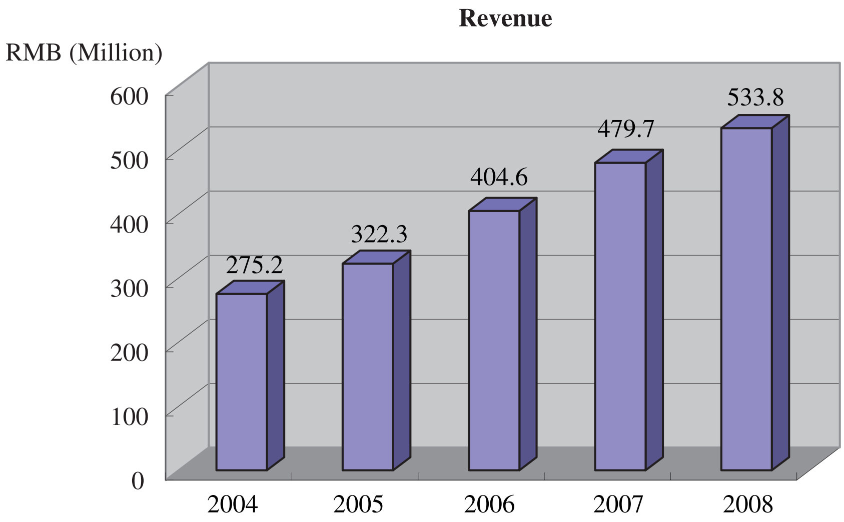
	For the year ended 30 June		
	2008	2007	% change
Reported financial information			
Revenue	**533.8**	479.7	+11
Gross profit	**359.0**	331.1	+8
EBITDA	**413.6**	403.3	+3
Profit before tax	**367.7**	374.0	-2
Profit attributable to shareholders	**399.3**	318.7	+25
Basic earnings per share (RMB)	**5.38**	4.88	+10
Diluted earnings per share (RMB)	**5.37**	4.87	+10
Dividend per share (RMB)	**0.80**	0.68	+18
Reported financial information adjusted to exclude biological gain and corresponding tax effect			
EBITDA	**248.6**	270.1	-8
Profit before tax	**202.7**	240.8	-16
Profit attributable to shareholders	**234.3**	205.5	+14
Basic earnings per share (RMB)	**3.16**	3.15	—
Diluted earnings per share (RMB)	**3.15**	3.14	—

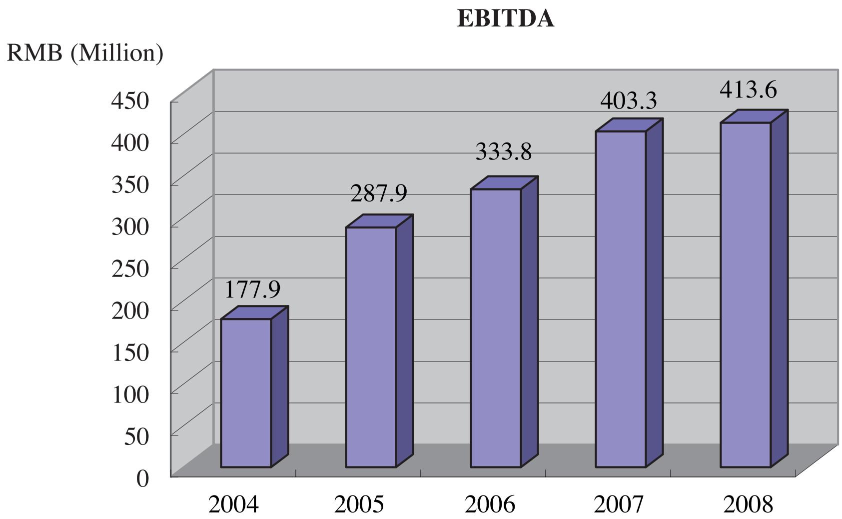
FINANCIAL RATIOS

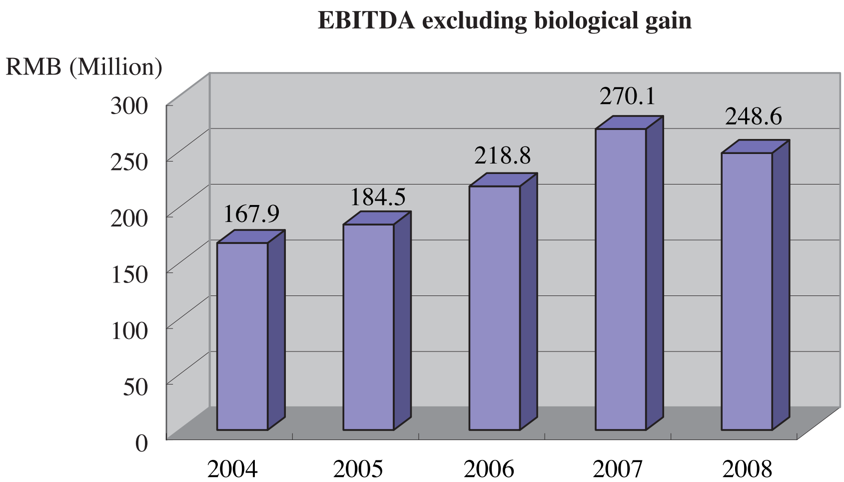
Gross profit margin (%)	**67.3**	69.0
Return on assets (%)	**15.8**	14.4
Return on equity (%)	**16.2**	15.1
Asset turnover (x)	**0.21**	0.22
Current ratio (x)	**6.96**	8.17

FINANCIAL POSITION (RMB MILLION)

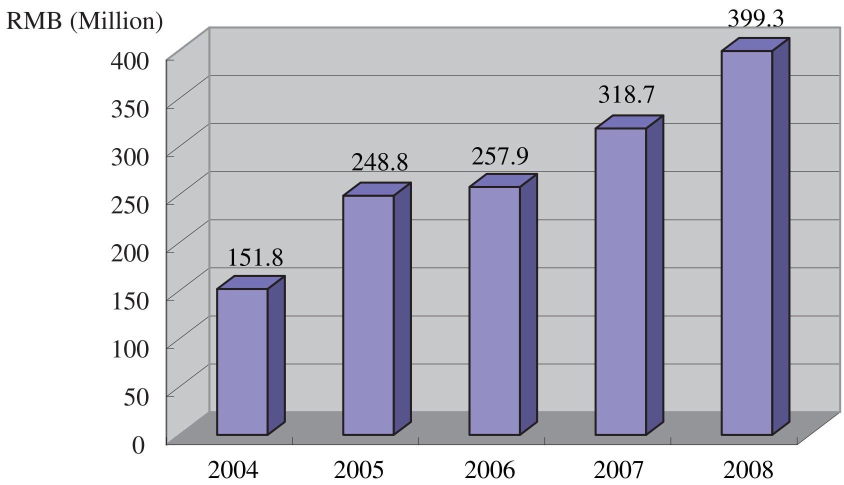
Total assets	**2,527.3**	2,207.7
Net current assets	**345.5**	370.5
Cash and bank balances	**310.0**	344.5
Shareholders' fund	**2,469.3**	2,108.5


Revenue
RMB (Million)
600
500
400
300
200
100
0
275.2
322.3
404.6
479.7
533.8
2004
2005
2006
2007
2008

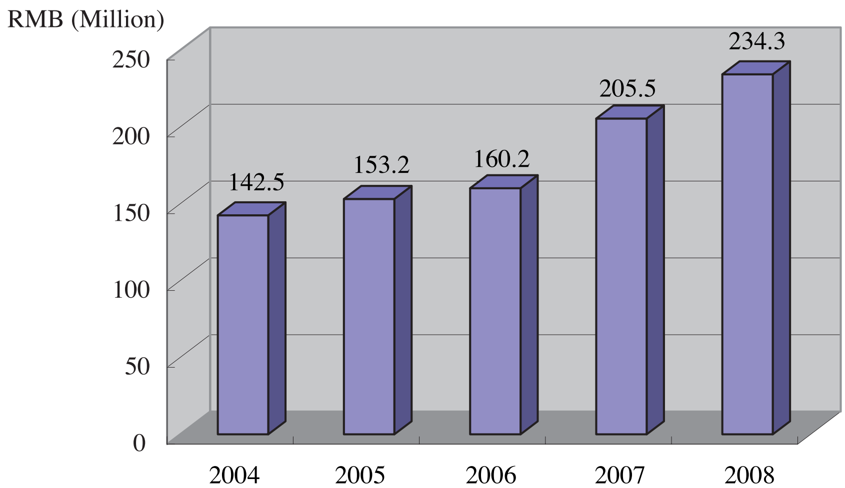

EBITDA
RMB (Million)
450
400
350
300
250
200
150
100
50
0
177.9
287.9
333.8
403.3
413.6
2004
2005
2006
2007
2008


EBITDA excluding biological gain
RMB (Million)
300
250
200
150
100
50
0
167.9
184.5
218.8
270.1
248.6
2004
2005
2006
2007
2008

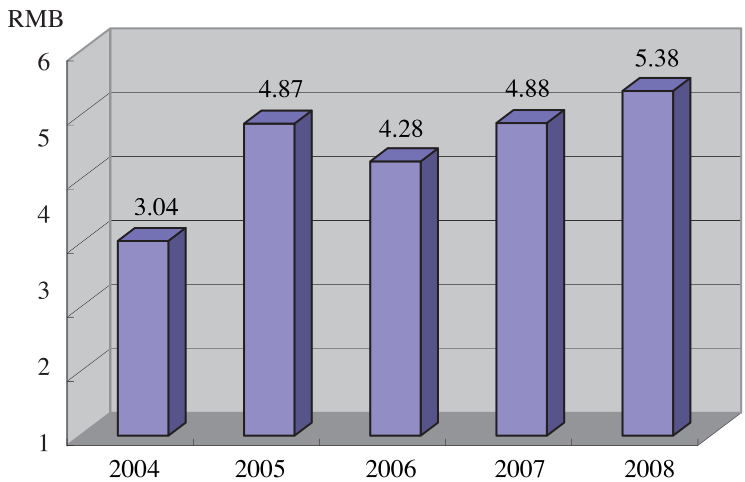
Profit attributable to shareholders



Profit attributable to shareholders excluding biological gain



Basic earnings per share



I am very pleased to present the annual results of Asian Citrus Holdings Limited and its subsidiaries for the year ended 30 June 2008.

STRATEGIC OVERVIEW

The snowstorm in the central part of China in January and February 2008 created certain challenges for the Group. The exceptional cold weather affected the Group's sales in two ways; first by slightly impacting the quality of the Group's 2008 summer harvest and second, once conditions had improved, by creating short term oversupply as local farmers, who could not get their produce to customers during the snowstorm, released the stored crops onto the market after the snowstorm at once and briefly undermined pricing. This made it difficult for the Group to increase its proportion of sales to supermarkets.

In spite of this, the Group managed to continue its expansion of its sales into the supermarket sector and successfully secured several new supermarket customers. During the year ended 30 June 2008, approximately 27.1% of the Group's production volume was sold directly to regional supermarket chains, compared with 23.0% for the year ended 30 June 2007. The sales to supermarkets for the year ended 30 June 2008 accounted for approximately 36.3% of the Group's revenue, which was up from approximately 31.1% for the year ended 30 June 2007.

In addition to the renewal of supply contracts with the Group's two largest supermarket customers, Guihai Highways Guangxi Xintong Services Company and Guangxi Yonghao Supermarket Company Limited, with a total purchase order of 9,500 tonnes for the winter oranges from the Hepu Plantation, the Group has entered into supply contracts with several other supermarket chains in Guangxi, Hunan Province and Guizhou Province. In the coming year, it is expected that a total of 15,400 tonnes (2007: 11,768 tonnes) of winter oranges from the Hepu Plantation will be sold to supermarkets directly, representing approximately 31% (31 December 2006: 24%) of the Hepu Plantation's winter crop for the six months ended 31 December 2007. The estimated value of these supply contracts is approximately RMB75 million (2007: RMB51 million), which is equivalent to approximately 49% (31 December 2006: 34%) of the Hepu Plantation's turnover for the six months ended 31 December 2007.

The winter crop at the Xinfeng Plantation is usually anticipated to be harvested slightly later than the winter crop at the Hepu Plantation because of the different harvest timetable for the different species of winter orange trees in the two plantations. As a result, we are now in the process of finalising the supply contracts relating to the upcoming winter crop from the Xinfeng Plantation. In addition to the supply contract agreed with Shanghai Lotus Supermarket Chain Store Co., Ltd. last year, the Group is confident that it will continue to increase its sales to other major cities and provinces throughout China.

Approximately 324,000 saplings of 2 different species are currently being bred in the orange saplings nursery at the Hepu Plantation. The first batch of approximately 200,000 saplings is expected to be ready by the end of 2008 for planting in the Group's new Hunan province plantation during 2009. The Group will continue to expand its nursery business in order to ensure sufficient supply of good quality saplings.

Phase 1 of the agricultural wholesalers' market and orange processing centre located in the Xinfeng County Zhongduan Industrial Park ("Xinfeng Development") was completed during the year ended 30 June 2008. Of the 238 units available for sale, 235 units (representing 98.7% of total units available for sale) with gross saleable area of 44,518 sq. m. have been sold for a total consideration of RMB90.9 million. Even though the Group has been successful in developing and marketing Phase 1 of the Xinfeng Development, a more cautious strategy regarding the commencement of the following phases of the Xinfeng Development is being adopted in view of the recent volatility of the real estate sector in China. As a result, Phase 2 of the Xinfeng Development will not commence until the second half of 2009 and the Group will continue to monitor and assess the real estate sector in China before finalising the plan for the following phases of the Xinfeng Development.

Having secured all the formal leasing agreements for the 35 sq. km. of land in the first half of 2008, the Group commenced the basic infrastructure work on the Hunan Plantation during the third quarter of 2008. It is expected that a substantial amount will be invested in the Hunan Plantation over the next three years and the Group has a target of planting 2.4 million trees at this plantation before the end of 2011.

As indicated in the Company's interim report, the Group has entered into a contract with Bosun Health Food R&D Center of Guangdong to manufacture and distribute the Group's own-brand, freshly-squeezed juice products. The trial launch of the Group's orange juice is now expected in the fourth quarter of 2008. This delay is not expected to have a material impact on the Group's overall planning and commitment to develop down-stream products.

The Group is fully committed to maintaining a strict quality control of its products. The Group has been committed to organic farming since commencing operations and has achieved considerable success in this area during the year ended 30 June 2008. The oranges produced by both the Xinfeng Plantation and the Hepu Plantation were awarded the 'Organic Products' accreditation by the China Organic Food Certification Center in February and July 2008 respectively. As food safety is currently a major health concern for the public, the Group believes that the accreditation of its oranges as 'Organic Products' will create additional customer confidence in the produce. This accreditation is also likely to carry an economic benefit to the Group, as it is anticipated that the produce will achieve a premium status in the market, which should be reflected in the prices that can be achieved during the coming year. It is too early to be accurate with respect to the effect on prices, but it is anticipated that increases of between 8% and 12% will be achievable in 2008/09 as compared with the 2 to 3% experienced in recent years.

OPERATING REVIEW

The Hepu Plantation is fully developed and now comprises of approximately 1.2 million orange trees. Of these, 1.1 million trees were producing oranges during the year ended 30 June 2008. The output from the Hepu Plantation over this year was 120,189 tonnes, representing an increase of approximately 2.3% over the previous year's production of 117,439 tonnes. The growth in production was mainly due to increased production from certain winter orange trees that have not yet achieved their full maturity, offset by the 6.4% reduction in the number of mature trees due to the replanting programme.

In addition to the trial replanting of 55,185 winter orange trees at the Hepu Plantation during the year ended 30 June 2007, 76,135 summer orange trees were replanted in the year ended 30 June 2008. The replanting programme includes the replacement of the existing species with a more advanced and better quality species that has stronger resistance to disease and is expected to produce a higher yield. It is the Group's intention to implement this partial replanting programme on a step-by-step basis in order to optimise its positive impact on the Group's overall performance. The ongoing replanting strategy is expected to affect 5% of the Hepu Plantation's trees per annum and it will be principally focused around replanting the existing winter orange trees with a new species of summer orange trees. There are currently approximately 330,000 winter trees at the Hepu Plantation which are due to be replaced over the next five years. Based on the results of the research carried out by the Group, it is confident that the replanting programme will deliver long term economic benefits by increasing average yields and the achievable revenue per tonne.

The Xinfeng Plantation is now fully planted and comprises 1.6 million winter orange trees. During the year ended 30 June 2008, RMB85.9 million was invested in the infrastructure and irrigation systems at the Xinfeng Plantation. The output from the Xinfeng Plantation was approximately 10,119 tonnes during the year ended 30 June 2008 representing an increase of approximately 177% over the previous year's production of 3,652 tonnes. This growth was mainly due to the higher production yield resulting from the increasing maturity of the 400,000 winter orange trees that began to bear oranges during the year ended 30 June 2007. It is expected that the second batch of 400,000 winter orange trees that were planted in 2005 will start its trial crops in the winter of 2008. In the next two years, the remaining 800,000 orange trees at the Xinfeng Plantation will reach their orange-bearing age and will start to contribute to production volume as they reach fruit-bearing age and then full maturity. As a result, it is anticipated that the potential production capacity from the Xinfeng Plantation over the coming years will drive a step change in the Group's overall supply of oranges.

As mentioned above, Phase 1 of the Xinfeng Development has now been completed, creating 238 units available for sale, of which, 235 units have been sold and RMB63.8 million has already been received by the Group. The total revenue and construction costs (excluding business tax, other relevant taxes and charges that may be levied) for Phase 1 are estimated to be approximately RMB92.3 million and RMB59.8 million respectively.

TRADING RESULTS

The Group's revenue for sales of oranges for the year ended 30 June 2008 was RMB527.0 million (2007: RMB479.7 million), representing an increase of approximately 10%. This was achieved by an increase of 7.6% in the Group's production combined with a 2.1% increase in the average selling price of the oranges to both wholesalers and supermarkets. For the year ended 30 June 2008, sales to supermarkets accounted for 27.1% and 36.3% of the Group's production volume and revenue respectively. The Group expects that this proportion will continue to increase and that the Group's products will be able to achieve wider geographical exposure as more supermarket contracts in both Guangxi area and other provinces are secured. During the year ended 30 June 2008, the Group started its sales to supermarkets in Shanghai and Hunan province.

The gross margin of the Hepu Plantation decreased slightly to 69.9% for the year ended 30 June 2008 (2007: 71.1%), mainly due to increased fertiliser costs. The first commercial crop from the Xinfeng Plantation during the winter of 2007 yielded a positive gross margin of 33.8%. Over the medium term, as production volume increases and better economies of scale are achieved, the Xinfeng Plantation is anticipated to demonstrate its potential for growth and improving profitability. Looking at the two plantations together, the Group's gross margin of its core agricultural business was 67.3% for the year ended 30 June 2008 (2007: 69.0%).

The cost of production within the core agricultural business increased from approximately RMB148.6 million for the year ended 30 June 2007 to RMB169.3 million for the year ended 30 June 2008 principally due to increased consumption of raw materials accompanying the growth of the Group's production volume. During the year, the price of fertilisers, which is one of the Group's major raw materials, increased by approximately 10%-15%. Despite this, the Group managed its costs effectively by implementing tighter controls and benefiting from better economies of scale. As a result, the average unit cost of production only increased by 6% to approximately RMB1.30 per Kg for the year ended 30 June 2008 (2007: approximately RMB1.23 per Kg).

In addition to the core agricultural business, as Phase 1 of the Xinfeng Development has been completed and the transfer of ownerships and titles of 23 units was completed before 30 June 2008, the Group realised revenue and corresponding construction costs (excluding business tax, other relevant taxes and charges that may be levied) of RMB6.8 million and RMB5.5 million respectively.

HONG KONG LISTING

As announced in the interim report, the Board has decided to delay its potential Hong Kong listing process due to the current uncertain and difficult market conditions. The Board will continue to monitor and assess market conditions as it is believed that a Hong Kong listing is still desirable when the timing is appropriate.

INVESTOR RELATIONS

The Board recognises the importance of maintaining an interactive relationship with shareholders and potential investors through a comprehensive company website (www.asian-citrus.com) and an updated website was launched in June 2008. The most up to date information on the Group is provided regularly on the website, which is fully compliant with the requirements of Rule 26 of the AIM Rules.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.8 per share for the financial year ended 30 June 2008. This equates to 15% of earnings per share for the year ended 30 June 2008 which the Board views as an appropriate payout ratio to provide shareholders with attractive yield while leaving the Group with sufficient capital for further developments. The Company has decided to institute a Scrip Dividend Scheme in terms of which shareholders will be offered the opportunity to elect to receive the final dividend for the year ended 30 June 2008 in the form of shares. A document providing further details of this Scrip Dividend Scheme will be sent to shareholders in due course.

The final dividend, if approved at the Annual General Meeting on 12 December 2008, will be paid in sterling on or before 31 December 2008, to shareholders on the register on 7 November 2008, with an ex-dividend date of 5 November 2008. The translation of RMB into sterling is made at the exchange rate of 13.70 as at 30 June 2008 is for illustration purpose. The actual translation rate for the purpose of dividend payment in sterling will be referenced to the exchange rate on 7 November 2008.

OUTLOOK

The Board expects that Chinese Gross Domestic Product will continue to grow, albeit at a slower rate than in previous years. The Group remains confident that consumer demand for oranges in China will increase.

The Group is very proud of the quality of its oranges and their accreditation as 'Organic Products' during current year will give the Group a further edge in the market, greater customer demand and enhanced profitability.

The Group is currently in a strong financial position, with no bank borrowings and sufficient internal funding for all planned developments. In addition, the Group is well-prepared and well-equipped to implement all necessary plans and developments and it is expected that Asian Citrus will benefit from an improving market position going forward.

During the year, good progress was made in expanding sales to supermarkets in areas other than Guangxi. Despite the extreme cold weather in the first quarter of 2008, the Group continued to increase its sales to supermarkets.

Production from the Xinfeng Plantation increased as forecast and volumes will also benefit from the trial harvest from the second batch of 400,000 trees in the winter of 2008. Phase 1 of the Xinfeng Development is complete and nearly all units have been sold. The basic infrastructure work in the Hunan Plantation has started and the plantation's development is progressing as planned.

The trial production of orange juice is now scheduled for in the fourth quarter of 2008 and the Group is committed and keen to develop down-stream businesses.

The Board is confident that Asian Citrus will continue to progress and deliver good value to its shareholders but remains cognisant of the prevailing economic and financial conditions.

Tony Tong
Chairman

14 October 2008

OPERATING PERFORMANCE

Revenue

Revenue grew by 11.3% to RMB533.8 million for the year ended 30 June 2008. This was achieved by an increase of approximately 7.6% in the Group's production to 130,308 tonnes combined with a 2.1% increase in average selling price of oranges. For the year ended 30 June 2008, approximately RMB6.8 million was recognised from the sales of the units of Phase I of the Xinfeng Development.

The production yield from Hepu Plantation increased by 2.3% to 120,189 tonnes for the year ended 30 June 2008. The Group's Xinfeng Plantation had its first commercial production yielding 10,119 tonnes, a significant increase of 177.1% from the plantation's trial production of 3,652 tonnes in last year.

By product mix, Summer Oranges continued to dominate and represented approximately 64.7% of total revenue for the year ended 30 June 2008, compared to approximately 69.3% for the year ended 30 June 2007. The breakdown of revenue by types of produce is as follows:

	For the year ended 30 June			
	2008		2007	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Winter Oranges	**181,227**	**34.0%**	147,060	30.7%
Summer Oranges	**345,753**	**64.7%**	332,668	69.3%
Sales of oranges	**526,980**	**98.7%**	479,728	100.0%
Sales of properties	**6,795**	**1.3%**	—	—
Total revenue	**533,775**	**100.0%**	479,728	100.0%

During the two years ended 30 June 2008, all of the Group's produce was sold domestically. The Group's customers from the sales of oranges can be divided into four categories, namely corporate customers, wholesale customers, supermarket chains and sole proprietors. The breakdown of types of customers is as follows:

	For the year ended 30 June	
	2008	2007
	% of total revenue	
Types of customers		
Supermarket chains	**36.3%**	31.1%
Corporate customers	**36.2%**	37.7%
Wholesale customers	**26.8%**	30.2%
Sole proprietors	**0.7%**	1.0%
Total	**100.0%**	100.0%

For the year ended 30 June 2008, the production volume and revenue to supermarket chains represented approximately 27.1% and 36.3% respectively of the Group, increased from approximately 23.0% and 31.1% respectively for the year ended 30 June 2007.

Taking Hepu Plantation alone, the production volume and revenue to supermarkets increased to 28.8% and 38.0% respectively (2007: 23.0% and 31.1%). As the Xinfeng Plantation was at its early stage, the oranges was mainly sold to corporate customers during the current year.

Other income

The Group recorded a gain of RMB165 million from changes in fair value of biological assets for the year ended 30 June 2008, compared to a gain of RMB133 million for last year. The increase was mainly due to the higher selling price of the oranges achieved by the Group and the corresponding tax impact resulted from the enactment of the new tax laws in China.

Gross profit

The Group's overall gross profit increased by 8.4% to approximately RMB359.0 million for the year ended 30 June 2008 (2007: RMB331.1 million). The improvement in gross profit was the result of an increase in the production output of the Group's orange trees from a total of 121,091 tonnes to 130,308 tonnes, a 2.1% increase in the average selling price of oranges and the first commercial harvest at the Xinfeng Plantation which started in November 2007.

Notwithstanding the higher average selling price, gross profit margin of the core agricultural business dropped slightly from approximately 69.0% for the year ended 30 June 2007 to approximately 67.3% for the year ended 30 June 2008 mainly due to the increased fertiliser costs.

Cost of sales

Cost of sales of the core agricultural business principally consists of the costs of raw materials such as fertilisers, packaging materials, pesticides and other direct costs such as direct labour, depreciation and production overheads. The breakdown of cost of sales is as follows:

	For the year ended 30 June			
	2008		2007	
Cost of sales	**RMB'000**	**% of Cost of sales**	RMB'000	% of Cost of sales
Inventories used				
Fertilisers	**64,945**	**37.2%**	61,856	41.6%
Packaging materials	**35,398**	**20.2%**	34,568	23.3%
Pesticides	**16,930**	**9.7%**	16,519	11.1%
	117,273	**67.1%**	112,943	76.0%
Production overheads				
Direct labour	**17,158**	**9.8%**	13,891	9.3%
Depreciation	**27,013**	**15.5%**	16,176	10.9%
Others	**7,807**	**4.5%**	5,619	3.8%
Cost of sales of oranges	**169,251**	**96.9%**	148,629	100.0%
Cost of sales of properties	**5,476**	**3.1%**	—	—
Total	**174,727**	**100.0%**	148,629	100.0%

The production costs of the core agricultural business increased 13.9% to RMB169.3 million (2007: RMB148.6 million). The increase in production costs was principally due to the increase in raw materials utilised for higher production volumes and the increase in production overheads, particularly depreciation, that was resulted from the first year of full operation at the Xinfeng Plantation. The average unit cost of oranges increased to RMB1.30 per kg from RMB1.23 per kg in last year.

Other operating expenses

Selling and distribution expenses mainly comprise sales commissions, advertising, salaries and welfare of sales personnel, travelling and transportation expenses. The selling and distribution expenses of the Group increased from approximately RMB31.4 million for the year ended 30 June 2007 to approximately RMB35.5 million for the year ended 30 June 2008, representing an increase of 13.1%, mainly resulting from the increased sale activities in Xinfeng Plantation.

General and administrative expenses comprise mainly salaries, office administration expenses, depreciation, amortisation, raw materials utilised for infant trees and research costs. The general and administrative expenses of the Group were approximately RMB125.4 million for the year ended 30 June 2008 (2007: RMB60.5 million). The Group increased the raw materials utilised for the infant trees significantly in the Xinfeng Plantation reflecting the increased number of infant trees to 1.2 million during the year (2007: 800,000). Out of the 1.2 million infant trees, 400,000 infant trees are close to their fruit-bearing stage, with the trial harvest expected in the winter of 2008, which required higher utilisation of fertilisers. There are also currently 400,000 trees at fruit-bearing age in the Xinfeng Plantation. The Group also recognised higher administrative expenses and depreciation charge in Xinfeng Plantation resulting from its full year in operation since completion, these will reduce as a percentage of revenue as the plantation matures. In addition, the Group also incurred certain startup costs for the development of the nursery business and certain administrative expenses related to the Hunan Plantation during the year.

The Group recognised an exchange loss of RMB15.1 million for the year ended 30 June 2008 (a gain of RMB3.3 million in 2007) as some of the Group's cash balances were maintained in Hong Kong dollars. The exchange loss was resulted from the appreciation of the RMB against Hong Kong dollars.

Taxation

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law, enterprise engaged in the planting of fruits (such as oranges) are exempt from enterprise income tax with effect from 1 January 2008.

The Group has reviewed its deferred taxation to reflect the future realisation at the newly enacted tax rate, and this has resulted in an one-off tax credit from the reversal of net deferred tax liabilities of RMB42.9 million during the year.

Profit

Pre-tax profit was approximately RMB367.7 million for the year ended 30 June 2008, compared to approximately RMB374.0 million for last year. The profit attributable to shareholders for the year ended 30 June 2008 increased to approximately RMB399.3 million, representing an increase of 25.3% as compared to last year.

PRODUCTIVITY

The increasing maturity of the orange trees together with effective managerial planning and production supervision, has led to productivity gains.

	For the year ended 30 June			
	2008		2007	
Types of produce	**Tonnes**	**% of total output**	Tonnes	% of total output
Winter Oranges	**59,281**	**45.5%**	49,871	41.2%
Summer Oranges	**71,027**	**54.5%**	71,220	58.8%
Total	**130,308**		121,091	

The production volume of Winter Oranges increased to 59,281 tonnes for the year ended 30 June 2008, representing an increase of 18.9%. The production volume of Winter Oranges in Hepu Plantation increased from 46,219 tonnes for the year ended 30 June 2007 to 49,162 tonnes for the year ended 30 June 2008, representing an increase of approximately 6.4%. In addition, the Xinfeng Plantation has started its first commercial production yielding about 10,119 tonnes of oranges during the year.

The production volume of Summer Oranges slightly declined to 71,027 tonnes for the year ended 30 June 2008 (2007: 71,220 tonnes) following the replanting programme in Hepu Plantation.

FINANCIAL PERFORMANCE

	As at 30 June	
	2008	2007
Current ratio (x)	**6.96**	8.17
Quick ratio (x)	**5.69**	6.95
Asset turnover (x)	**0.21**	0.22
Basic earnings per share (RMB)	**5.38**	4.88
Net debt to equity (%)	**Net cash**	Net cash

Liquidity

As a result of the dividend payments in December 2007 and the additions of approximately RMB207.0 million to construction-in-progress during the year ended 30 June 2008, the current ratio and quick ratio decreased to 6.96 and 5.69 respectively. The liquidity of the Group remained healthy with sufficient reserves for both operation and future development.

Profitability

The asset turnover of the Group slightly decreased to 0.21 for the year ended 30 June 2008.

The basic earnings per share for the year ended 30 June 2008 was RMB5.38 (2007: RMB4.88). This was driven by the 25.3% increase in net profit for the year but was partially offset by the dilution from the issuance of new ordinary shares from the share placement and the conversion of convertible bonds in March 2007.

Debt ratio

The net cash positions of the Group were RMB310.0 million and RMB344.5 million at 30 June 2008 and 2007 respectively.

Internal cash resource

The Group's major internal cash resource is its cash and bank balances. The Group did not have any outstanding bank borrowings as at 30 June 2008.

EXECUTIVE DIRECTORS

Mr. TONG Wang Chow, *Executive Chairman and Chief Executive Officer*

Mr. Tong Wang Chow, age 69, is the founder of the Group. Mr. Tong is also the general manager of both the Hepu Plantation and the Xinfeng Plantation. He is responsible for the overall strategic planning and direction of the Group. Mr. Tong has over 20 years of business development experience in PRC, principally in the brewing and transportation industries. He is a member of the CPPCC Guangdong Province Shantou Municipal Committee, the Chairman of Hong Kong Shantou Merchants Association, a director of the Chinese Manufacturers Association of Hong Kong and the consultant of the Federation of Hong Kong Chiu Chow Community Organisations. He is a member of China Citrus Society. He was the Honorary Consul of Mongolia in the HKSAR from 2006 to June 2008.

Mr. TONG Hung Wai, Tommy, *Sale and Marketing Director*

Mr. Tong Hung Wai, Tommy, age 39, is the co-founder of the Group. He is responsible for the sales and marketing of the Group. Mr. Tong obtained a bachelor's degree in international business in 1996 from Queensland University of Technology, Australia. He is the son of Mr. Tong Wang Chow.

Mr. CHEUNG Wai Sun, *Executive Director*

Mr. Cheung Wai Sun, age 49, joined the Board in 2004. Following the Company's listing on AIM in 2005, Mr. Cheung became a full-time employee of the Group. Mr. Cheung joined Chaoda Vegetable & Fruits Limited ("Chaoda Vegetable") in 2000 and was the deputy general manager of Chaoda Vegetable, a subsidiary of Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"), a major shareholder of the Company. Mr. Cheung has over 25 years of experience in trading and marketing business and has gained extensive knowledge and experience in the agricultural business in PRC by virtue of his position in Chaoda Vegetable.

Mr. PANG Yi, *Deputy General Manager of the Hepu Plantation*

Mr. Pang Yi, age 39, joined the Group in 2000. He is responsible for the Group's overall operation and management in the PRC. Mr. Pang had been appointed by Guangxi Foreign Trade and Economic Cooperation Department as investment service supervisor of Guangxi Zhuang Autonomous Region.

Mr. SUNG Chi Keung, *Finance Director and Company Secretary*

Mr. Sung Chi Keung, age 33, was appointed to the Board on 15 January 2007. Mr. Sung holds a bachelor's degree in business administration, majoring in accountancy, from the Chinese University of Hong Kong and a master's degree in corporate finance from Hong Kong Polytechnic University. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Sung has over ten years of experience in financial management, accounting, taxation, auditing and corporate finance and held a variety of positions in international accounting firms and a corporate finance firm, before joining the Group in August 2004.

NON-EXECUTIVE DIRECTORS

Mr. IP Chi Ming, *Non-Executive Vice Chairman*

Mr. Ip Chi Ming, age 47, joined the Group in August 2001. Mr. Ip is also an executive director of Chaoda and the general manager of Chaoda Vegetable. Mr. Ip has over 18 years of experience in trading and marketing in the food products industry as well as extensive experience in corporate strategic planning, overall management, business development and sales and marketing.

Mr. MA Chiu Cheung, Andrew, *Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee*

Mr. Ma Chiu Cheung, Andrew, age 66 joined the Group in July 2004. Mr. Ma is a founder and former director of Andrew Ma DFK (CPA) Limited. He is presently a director of Mayee Management Limited. He has more than 30 years of experience in accounting and finance. He obtained a bachelor's degree in economics from the London School of Economics and Political Science, University of London in England. Mr. Ma is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Taxation Institute of Hong Kong. Mr. Ma is currently an independent non-executive director of a few other companies which are listed on the Main Board of the Hong Kong Stock Exchange.

Dr. Hon LUI Ming Wah, *SBS JP, Non-Executive Director*

Dr. Hon. Lui Ming Wah, SBS JP, age 70, joined the Group in June 2004. Dr. Lui is an industrialist serving as the honorary chairman of the Hong Kong Electronic Industries Association and the honorary chairman of the Hong Kong Shandong Business Association. He is a member of the Chinese People's Political Consultative Conference. Dr. Lui was elected to the Legislative Council of Hong Kong in May 1998 for a term of two years. In the 2000 and 2004 Legislative Council elections, he was elected again for a term of four years each. He sits on the council of the Hong Kong Polytechnic University, is the vice-chairman of the Hong Kong Independent Police Complaints Council and is an Advisor Professor of Shandong University. Dr. Lui obtained his masters and doctorate degrees from the University of New South Wales in Australia and the University of Saskatchewan in Canada respectively. He is currently the Managing Director of Keystone Electronics Co. Limited.

Mr. YANG Zhen Han, *Non-Executive Director*

Mr. Yang Zhen Han, age 76, joined the Group in June 2004. Mr. Yang obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. Mr. Yang is a machine-building specialist with over 30 years of experience. Mr. Yang was a director of the Foreign Economic Relations and Trade Commission of Shanghai Municipality, responsible for the international trade and foreign investment affairs of Shanghai City from 1983 to 1985. Mr. Yang is a member of Guangzhou Political Consultation Conference.

Mr. Nicholas SMITH, *Non-Executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee*

Mr. Nicholas Smith, age 56, joined the Group in July 2005. Mr. Smith has had over 20 years of experience in investment banking, having worked in Europe and Asia for Flemings, Jardine Fleming and HSBC. His roles have included Co-Head of investment banking and Chief Financial Officer of the Jardine Fleming Group. Mr.Smith is a Chartered Accountant and previously worked for KPMG and Ernst & Young.

Hon Peregrine MONCREIFFE, *Non-Executive Director*

Hon Peregrine Moncreiffe, age 57, was appointed to the Board in February 2006 by Metage Funds and Metage Special Emerging Markets Fund, acting jointly, pursuant to the terms of the convertible bonds. Mr. Moncreiffe is a graduate of Oxford University and has spent much of his career in investment management and banking in London, New York and East Asia. Mr. Moncreiffe has worked for Credit Suisse First Boston and was a managing director of Lehman Brothers in New York before helping to found Buchanan Partners, a London based investment company of which he was chief executive.

SENIOR MANAGEMENT

Mr. LIU Geng Feng, age 68, is the head of the Group's research and development team. Mr. Liu joined the Group in 2000. Before joining the Group, he supervised the PhD programme at the Hunan Agriculture Research Institute for 36 years.

Madam ZHAO Li Na, age 50, is the financial controller of the Hepu Plantation. Madam Zhao joined the Group in 2003 and has over 20 years of experience in the financial management and accounting field in PRC.

Mr. XIAN Jia Xu, age 44, is the manager of the forestry department of the Hepu Plantation. Mr. Xian obtained his bachelor's degree in agriculture from the University of Guangxi in 1986. Mr. Xian was trained by the US fruit juice company which was the original owner of the Hepu Plantation, and has over 15 years of experience in agricultural and cultivation management.

Mr. ZHONG Kun He, age 45, joined the Group in March 2000 and is the executive controller of the Xinfeng Plantation. Mr. Zhong graduated from the Zhanjiang Agriculture Professional School specialising in fruits tree management. Mr. Zhong previously worked for the US fruit juice company which was the original owner of the Hepu Planation, and has over 20 years of experience in agricultural and cultivation management.

Mr. Wu Feng, age 40, joined the Group in August 2007 and is the deputy general manager of the Hunan Plantation. Mr. Wu graduated from Zhanjiang Agriculture Professional School specialising in fruits tree management. Mr. Wu previously worked for the US fruit juice company from 1993 to 1998, which was the original owner of the Hepu Plantation. Prior to joining the Group, he has worked in various agricultural companies in PRC responsible for plantation management. He has over 19 years of experience in agricultural and cultivation management.

Dr. WANG Shao Ke, age 56, is the Chief Scientist of the Group. Dr. Wang is a Faculty Affiliate of the Department of Soil and Crop Sciences at Colorado State University in United States. He has been a Chief Scientist and Acting Director of China Agricultural Development (Hong Kong) Ltd. since 1997, which has developed a large-scale new citrus farm of grapefruits, limes, oranges and many new healthy crops in Southern China. Dr. Wang has been active in the international scientific activities. He was appointed by the International Barley Genetic Committee as an International Coordinator for the barley Chromosome 2 and served in that position from 1990 to 1992. He has also authored numerous papers in the scientific journals published in the United States, Germany, Canada, Japan, Italy and China. He is an Honorary Professors of the Inner-Mongolian Academy of Agricultural Sciences and the Xinjiang Academy of Agricultural Sciences in China. He has been invited to China to lecture and give scientific advices during the past 15 years.

The Directors are pleased to present their annual report together with the audited financial statements for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The Company is an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are planting, cultivation and sales of agricultural products. The Group currently owns and operates orange plantations in the People's Republic of China ("PRC").

BUSINESS REVIEW

A review of Group's performance, business activities and development is included in the Chairman's Statement and the Management Discussion and Analysis on page 5 to 15.

RESULTS

The profit attributable to shareholders for the year is set out in the Consolidated Income Statement on page 36.

DIVIDENDS

The Directors are pleased to recommend that a final dividend of RMB0.8 (equivalent to approximately 5.8p) per share will be paid in sterling on or before 31 December 2008, subject to the approval of the forthcoming annual general meeting on 12 December 2008. The translation of RMB into sterling was made at the exchange rate of 13.70 as at 30 June 2008 for illustration purpose only. The actual translation rate for the purpose of dividend payment in sterling will be referenced to exchange rate on 7 November 2008.

The register of members of the Company will be closed on the record date of 7 November 2008, with an ex-dividend date of 5 November 2008. Only shareholders that appear on the register on the record date will be qualified for the proposed final dividend.

The shareholders will receive their cash dividends in sterling. It is also intended that the scrip dividend alternative to the cash dividend will be offered during 2008. A document providing further details of this Scrip Dividend Scheme will be sent to shareholders in due course.

DIRECTORS

The Directors of the Company are set out below:

Director	Date of appointment
Executive Directors	
Mr. Tong Wang Chow	18 November 2003
Mr. Tong Hung Wai, Tommy	18 November 2003
Mr. Cheung Wai Sun	18 November 2003
Mr. Pang Yi	16 June 2005
Mr. Sung Chi Keung	15 January 2007
Non-executive Directors	
Mr. Ip Chi Ming	18 November 2003
Mr. Ma Chiu Cheung, Andrew	7 August 2004
Dr. Hon Lui Ming Wah, SBS JP	2 June 2004
Mr. Yang Zhen Han	2 June 2004
Mr. Nicholas Smith	1 July 2005
Hon Peregrine Moncreiffe	1 February 2006

No Directors has resigned during the year ended 30 June 2008.

In accordance with Bye-laws 93(1) and (2) of the Company's Bye-laws, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not greater than one third) will retire from office by rotation. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

This year, in accordance with the Company's Bye laws, Mr. Tong Wang Chow, Mr. Sung Chi Keung and Hon Peregrine Moncreiffe will retire at the forthcoming annual general meeting of the Company and all of them, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors who held office during the year and their interests in ordinary shares and share options of the Company were as follows:

	As at 30 June 2008		
Director	Ordinary shares	Share options at exercise price of 112 pence	Share options at exercise price of 204.5 pence
Mr. Tong Wang Chow*	19,380,000	—	150,000
Mr. Tong Hung Wai, Tommy*	1,530,000	—	55,000
Mr. Cheung Wai Sun	—	—	45,000
Mr. Pang Yi	—	135,000	120,000
Mr. Sung Chi Keung	—	108,000	100,000
Mr. Ip Chi Ming	—	—	—
Mr. Ma Chiu Cheung, Andrew	—	—	—
Dr. Hon Lui Ming Wah, SBS JP	—	—	—
Mr. Yang Zhen Han	—	—	—
Mr. Nicholas Smith	40,000	—	—
Hon Peregrine Moncreiffe	—	—	—

** Through their respective shareholding in Market Ahead Investments Limited*

Full details of Directors' service contracts, remuneration and share options interests can be found in the Remuneration Report on page 25.

SUBSTANTIAL SHAREHOLDINGS

As at 30 September 2008, the latest practicable date prior to the publication of this report, the Company's share registrar recorded the following shareholdings in excess of 3% of the share capital:

Shareholder	Number of ordinary shares	% of issued capital
Market Ahead Investments Limited	25,500,000	34.29
Huge Market Investments Limited	24,500,000	32.95
Keywise Capital Management Limited	3,907,478	5.26
Metage Funds Limited and Metage Emerging Markets Funds Limited	3,395,476	4.57

THE BOARD OF DIRECTORS

The Board is comprised of five Executive Directors and six Non-Executive Directors. Each of the Executive Directors has a wealth of agricultural experience and the Non-Executive Directors have a wealth of experience in finance and corporate development. The Directors are satisfied that the composition of the Board meets the Code's objective of ensuring checks and balances in the Company's management. The composition of the Board ensures that no one individual or group dominates the decision making process.

BOARD MEETINGS

The Board ordinarily meets on a bi-monthly basis, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the Company's forecast and budget, major capital expenditure and the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to Board meetings. The Board delegates certain of its responsibilities to the Board committees which have clearly defined terms of reference which are listed below.

AUDIT COMMITTEE

The committee is made up of two Non-Executive Directors: Mr. Ma Chiu Cheung, Andrew, who chairs the committee, and Mr. Nicholas Smith. The committee reviews the Company's arrangements with external auditors, including the audit's cost-effectiveness as well as the auditors' independence and objectivity.

Audit issues are addressed at least twice a year, at which time the Company's external auditors attend the relevant meetings. Consideration is given to the auditors' pre- and post- audit reports, which make it possible for the Company to review and assess its accounting polices, internal controls and the financial information contained in the annual and interim reports.

REMUNERATION COMMITTEE

The principal function of this committee is to determine the policy on executives' remuneration. The committee consists of two Non-Executive Directors: Mr. Nicholas Smith, who chairs the committee, and Mr. Ma Chiu Cheung, Andrew. The committee aims to attract, retain and motivate high caliber individuals with a competitive remuneration package.

Remuneration for executive normally comprises basis salary, bonus, benefits in kind and share options. Details of the current Directors' remuneration and the share option plan are shown in the Remuneration Report.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Since the Company was formed, the Directors are satisfied that, given the current size and activities of the Company, adequate internal controls have been established. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

COMMUNICATIONS WITH SHAREHOLDERS

The Board attaches great importance to maintaining good relationships with its shareholders. Extensive information about the Group's activities is included in the annual and interim reports, which will be sent to all shareholders. Market sensitive information is regularly released to all shareholders concurrently in accordance with the AIM rules. The annual general meeting will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. Corporate website (www.asian-citrus.com) where information on the Company is updated regularly and all announcements will be posted.

The executives of the Company meet regularly with institutional investors, fund managers and analysts, as part of an active investor-relations program to discuss long-term issues and receive feedback.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are provided in Note 32 to the Consolidated Financial Statements.

ANNUAL GENERAL MEETING

The notice of the Company's annual general meeting will be distributed to shareholders together with the Annual Report. Full details of the resolutions proposed at the meeting can be found in the Notice of Annual General Meeting on page 89.

AUDITORS

The financial statements were audited jointly by Baker Tilly Hong Kong Limited and CCIF CPA Limited who will retire at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-appointment.

By order of the Board

Tong Wang Chow
Director

14 October 2008

Cheung Wai Sun
Director

14 October 2008

Companies traded on AIM are not required to provide a formal remuneration report. Therefore this report is provided for information purposes only and to provide greater transparency on how Directors and senior executives are remunerated.

COMPOSITION AND ROLE OF REMUNERATION COMMITTEE

The Board has established a Remuneration Committee, which consists of two Non-Executive Directors, Mr. Nicholas Smith, who chairs the committee, and Mr. Ma Chiu Cheung, Andrew.

The terms of reference for the remuneration committee provide that it reviews the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration, terms and conditions of appointment of the Non-Executive Directors are to be set by the Board. No Director may participate in any meeting at which discussions or decisions regarding his own remuneration take place. The remuneration committee also administers the share option plan.

FRAMEWORK AND POLICY ON REMUNERATION

The Group's remuneration policy provides competitive rewards for its Executive Directors and senior executives. The policy takes into account the Group's performance, the individual performance, and the prevailing remuneration packages of the markets in which the Group operates. The committee aims to attract, retain and motivate high caliber individuals with competitive remuneration packages.

The remuneration package provides a balance between fixed and variable rewards. Therefore, remuneration packages for Directors and senior executives normally include basic salaries, discretionary bonuses, benefits and share options.

BASIC SALARY AND BENEFITS

Salaries and benefits are reviewed annually and are set to reflect the responsibilities, knowledge, skill and experience of the individuals.

CONTRACTS OF SERVICE

The following Executive Directors have entered into service agreements with the Company, details of which are set out below:

Executive Director	Title	Date of service agreement	Remuneration per annum
Mr. Tong Wang Chow	Chairman and Chief Executive Officer	1 July 2005	HK$1,560,000
Mr. Tong Hung Wai, Tommy	Executive Director	1 July 2005	HK$858,000
Mr. Cheung Wai Sun	Executive Director	1 July 2005	HK$715,000
Mr. Pang Yi	Executive Director	1 July 2005	HK$910,000
Mr. Sung Chi Keung	Finance Director	15 January 2007	HK$1,040,000

The following Non-Executive Directors have entered into letters of appointment in connection with services to be provided to the Company, details of which are set out below:

Non-Executive Director	Date of appointment letter	Term (years)	Fee per annum
Mr. Ip Chi Ming	1 July 2005	3	HK$600,000
Mr. Ma Chiu Cheung, Andrew	1 July 2005	3	GBP31,000
Dr. Hon Lui Ming Wah, SBS JP	1 July 2005	3	HK$240,000
Mr. Yang Zhen Han	1 July 2005	3	HK$240,000
Mr. Nicholas Smith	1 July 2005	3	GBP31,000
Hon Peregrine Moncreiffe	1 February 2006	3	HK$240,000

EMOLUMENTS OF DIRECTORS

The emoluments of Directors serving during the year ended 30 June 2008 are disclosed below:

Executive Directors	Salaries, bonus and benefits From 1 July 2007 to 30 June 2008 RMB'000
Mr. Tong Wang Chow	1,769
Mr. Tong Hung Wai, Tommy	925
Mr. Cheung Wai Sun	770
Mr. Pang Yi	1,256
Mr. Sung Chi Keung	1,284
Non-Executive Directors	
Mr. Ip Chi Ming	540
Mr. Ma Chiu Cheung, Andrew	433
Dr. Hon Lui Ming Wah, SBS JP	216
Mr. Yang Zhen Han	216
Mr. Nicholas Smith	433
Hon Peregrine Moncreiffe	216

SHARE OPTION PLAN

The Company's Share Option Plan (the "Plan"), was approved by the Board on 27 July 2005 for the primary purpose of providing incentives to directors and eligible employees. The total number of shares in respect of which options may be granted under the Plan is not permitted to exceed 10% of the shares of the Company from time to time.

On 27 July 2005, 1,155,000 share options were granted to eligible employees at an exercise price of 112 pence. The options will normally vest and become exercisable annually at the rate of 10% over 10 years, from 3 August 2006 onwards, subject to continued employment. No consideration was paid for the granting of the options. All options were issued upon the Company admitted to AIM on 3 August 2005. The options are exercisable from 3 August 2006 to 2 August 2015. No consideration was paid for the granting of the options.

On 27 July 2006, 1,248,000 share options were granted and issued to eligible employees at an exercise price of 204.5 pence. The options will normally vest and become exercisable annually at the rate of 20% from 27 July 2007 onwards, subject to continued employment and the satisfaction of certain performance conditions. The options are exercisable from 27 July 2007 to 26 July 2014. No consideration was paid for the granting of the options.

On 14 September 2007, 353,000 share options were granted at an exercise price of 242.5 pence. The option will normally vest and become exercisable annually at the rate of 20% from 14 September 2008 onwards, subject to continued employment and the satisfaction of certain performance conditions. The options are exercisable from 14 September 2008 to 2 August 2015. No consideration was paid for the granting of the options.

Details of the movements of the outstanding share options granted under the Plan during the year are as follows:

	Number of Shares in respect of Options								
Name or Category of participant	Balance as at 1 July 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2008	Date of grant	Exercisable period	Exercise price per share GBP	Weighted average closing price GBP
Directors									
Tong Wang Chow	150,000	—	—	—	150,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Tong Hung Wai, Tommy	55,000	—	—	—	55,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Cheung Wai Sun	45,000	—	—	—	45,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Pang Yi	135,000	—	—	—	135,000	3/8/2005	3/8/2006 - 2/8/2015	1.12	—
	120,000	—	—	—	120,000	27/7/2006	27/7/2006 - 26/7/2014	2.045	—

Name or Category of participant	Number of Shares in respect of Options: Balance as at 1 July 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2008	Date of grant	Exercisable period	Exercise price per share GBP	Weighted average closing price GBP
Sung Chi Keung	108,000	—	—	—	108,000	3/8/2005	3/8/2006 - 2/8/2015	1.12	—
	100,000	—	—	—	100,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Employees:									
In aggregate	796,500	—	88,500	—	708,000	3/8/2005	3/8/2006 - 2/8/2015	1.12	2.795
	778,000	—	34,200	—	743,800	27/7/2006	27/7/2007 - 26/7/2014	2.045	3.350
	—	353,000	—	—	353,000	14/9/2007	14/9/2008 - 2/8/2015	2.425	—
	2,287,500	353,000	122,700	—	2,517,800				

Details of the movements of the outstanding share options granted under the Plan during the year are as follows:

Name or Category of participant	Balance as at 1 July 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2007	Date of grant	Exercisable period	Exercise price per share GBP	Weighted average closing price GBP
	Number of Shares in respect of Options								
Directors									
Tong Wang Chow	—	150,000	—	—	150,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Tong Hung Wai, Tommy	—	55,000	—	—	55,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Cheung Wai Sun	—	45,000	—	—	45,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Pang Yi	150,000	—	15,000	—	135,000	3/8/2005	3/8/2006 - 2/8/2015	1.12	1.94
	—	120,000	—	—	120,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Sung Chi Keung	120,000	—	12,000	—	108,000	3/8/2005	3/8/2006 - 2/8/2015	1.12	1.94
	—	100,000	—	—	100,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
Employees:									
In aggregate	885,000	—	88,500	—	796,500	3/8/2005	3/8/2006 - 2/8/2015	1.12	1.94
	—	778,000	—	—	778,000	27/7/2006	27/7/2007 - 26/7/2014	2.045	—
	1,155,000	1,248,000	115,500	—	2,287,000				

The Remuneration Committee has approved the Remuneration Report.

By order of the Board

Nicholas Smith
Chairman of the Remuneration Committee

14 October 2008

Although the AIM rules do not require compliance with the Combined Code of Corporate Governance (the "Code") issued by the London Stock Exchange, the Directors recognise the value of it and the principle of good governance. The Directors has taken measures to ensure that the Company complies with the Code to the extent they consider appropriate, taking into the nature and size of the Company and its business.

BOARD COMPOSITION

The Board is comprised of five Executive Directors and six Non-Executive Directors. Each of the Executive Directors has a wealth of agricultural experience and the Non-Executive Directors have a wealth of experience in finance and corporate development. The Directors are satisfied that the composition of the Board meets the Code's objective of ensuring checks and balances in the Company's management. This includes the appointment of four independent Non-Executive Directors.

The Code recommends that the roles of chairman and chief executive be kept separate. The Directors are aware that, due to the composition of the Board, the Company is not in compliance with this aspect of the Code. They consider, however, that the composition of the Board is appropriate, given that the Chairman is a founder of the Company and that he is essential, at this stage of the Company's development, to both its daily operations and its longer-term strategy.

BOARD MEETINGS

During the year ended 30 June 2008, there were 12 Board Meetings held by the Company. The attendance records of the Director are shown on the table below:

Director	Number of Board Meetings attended	Attendance rate
Mr. Tong Wang Chow	12 out of 12	100%
Mr. Tong Hung Wai, Tommy	12 out of 12	100%
Mr. Cheung Wai Sun	8 out of 12	67%
Mr. Pang Yi	11 out of 12	92%
Mr. Sung Chi Keung	12 out of 12	100%
Mr. Ip Chi Ming	10 out of 12	83%
Mr. Ma Chiu Cheung, Andrew	11 out of 12	92%
Dr. Hon Lui Ming Wah, SBS JP	5 out of 12	42%
Mr. Yang Zhen Han	8 out of 12	67%
Mr. Nicholas Smith	9 out of 12	75%
Hon Peregrine Moncreiffe	8 out of 12	67%

All Directors have access to the advices and services of the Company's solicitors and the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

RETIREMENT BY ROTATION

In accordance with Bye-laws 93(1) and (2) of the Company's Bye-laws, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not greater than one third) will retire from office by rotation. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

This year, in accordance with the Company's Bye laws, Mr. Tong Wang Chow, Mr. Sung Chi Keung and Hon Peregrine Moncreiffe will retire at the forthcoming annual general meeting of the Company and all of them, being eligible, offer themselves for re-election.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with Companies Act 1981. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COMMITTEES

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

Audit Committee

The committee is made up of two Non-Executive Directors: Mr. Ma Chiu Cheung, Andrew, who chairs the committee, and Mr. Nicholas Smith. The terms of reference for the audit committee provide that it receives and reviews reports from management and the auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Group. The terms of reference for the audit committee also provide for it to have unrestricted access to the auditors.

Remuneration Committee

The composition and role of the Remuneration Committee are set out in the Remuneration Report on page 25.

Nomination Committee

The Directors do not consider that, given the size of the Group and stage of its development, it is necessary to have a Nomination Committee; however, this will be kept under regular review by the Board.

SHARE DEALING CODE

The Company continues to take all reasonable steps to ensure compliance by the Directors and applicable employees with the provisions of the AIM rules relating to dealings in securities of the Company. This has included adopting the Share Dealing Code at the time of the AIM Admission.

By order of the Board

Tong Wang Chow
Director

14 October 2008

Cheung Wai Sun
Director

14 October 2008

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
12/F., China Merchants Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF ASIAN CITRUS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the accompanying financial statements of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 36 to 86, which comprise the consolidated and Company balance sheets as at 30 June 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' 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 section 90 of the Companies Act of Bermuda 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY *(continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial positions of the Company and of the Group as of 30 June 2008, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 14 October 2008

Andrew David Ross
Practising Certificate Number P01183

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 14 October 2008

Kwok Cheuk Yuen
Practising Certificate Number P02412

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 RMB'000	2007 RMB'000
Revenue	6	**533,775**	479,728
Net gain on change in fair value of biological assets	18	**165,000**	133,172
Other income	7	**—**	3,294
Inventories used	9	**(160,229)**	(122,455)
Staff costs	9,12	**(37,612)**	(34,973)
Amortisation	9	**(3,450)**	(3,313)
Depreciation	9	**(48,415)**	(24,270)
Other operating expenses	9	**(85,938)**	(55,443)
Profit from operations	9	**363,131**	375,740
Interest income		**5,982**	2,649
Finance costs	10	**(13)**	(4,390)
Net finance income/(costs)		**5,969**	(1,741)
Share of loss of associates		**(1,359)**	(14)
Profit before income tax		**367,741**	373,985
Income tax credit/(expense)	11	**31,552**	(55,280)
Profit for the year and attributable to shareholders		**399,293**	318,705
Proposed final dividend	13	**59,486**	50,454
		RMB	*RMB*
Earnings per share	14		
– Basic		**5.38**	4.88
– Diluted		**5.37**	4.87

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	Note	2008 RMB'000	2007 RMB'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**999,155**	812,491
Land use rights	16	**48,101**	34,850
Construction-in-progress	17	**120,468**	150,927
Biological assets	18	**931,209**	765,511
Deferred development costs	19	**22,600**	12,000
Interests in associates	21	**2,216**	5,074
Deferred tax assets	22	**—**	4,672
		2,123,749	1,785,525
Current assets			
Biological assets	18	**16,787**	7,688
Properties for sale	23	**54,305**	54,080
Inventories	24	**1,487**	1,573
Trade and other receivables	25	**19,897**	14,324
Income tax recoverable		**1,073**	—
Cash and cash equivalents	26	**309,952**	344,513
		403,501	422,178
Total assets		**2,527,250**	2,207,703

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	Note	2008 *RMB'000*	2007 *RMB'000* (restated)
EQUITY AND LIABILITIES			
Equity			
Share capital	27	**7,785**	7,758
Reserves		**2,461,499**	2,100,725
		2,469,284	2,108,483
Non-current liabilities			
Deferred tax liabilities	22	**—**	47,559
Current liabilities			
Trade and other payables		**56,166**	18,745
Due to a related party	31(b)	**1,800**	2,610
Income tax payable		**—**	30,306
		57,966	51,661
Total liabilities		**57,966**	99,220
Total equity and liabilities		**2,527,250**	2,207,703

Approved and authorised to issue by the Board of Directors on 14 October 2008.

Tong Wang Chow
Director

Cheung Wai Sun
Director

The accompanying notes form an integral part of these financial statements.

AT 30 JUNE 2008

	Note	**2008** *RMB'000*	2007 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	15	**2,272**	2,511
Interests in subsidiaries	20	**459,985**	280,877
		462,257	283,388
Current assets			
Deposits		**2**	1
Cash and cash equivalents	26	**38,326**	224,421
		38,328	224,422
Total assets		**500,585**	507,810
EQUITY AND LIABILITIES			
Equity			
Share capital	27	**7,785**	7,758
Reserves	28	**490,399**	490,981
		498,184	498,739
Current liabilities			
Other payables		**2,401**	9,071
Total equity and liabilities		**500,585**	507,810

Approved and authorised to issue by the Board of Directors on 14 October 2008.

Tong Wang Chow
Director

Cheung Wai Sun
Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Share capital RMB'000	Share premium RMB'000 (Note (a))	Merger reserve RMB'000 (Note (b))	Share option reserve RMB'000 (Note (c))	Capital reserve RMB'000 (Note (d))	Retained profits RMB'000	Total RMB'000
At 1 July 2006		6,569	154,349	(4,473)	2,811	496,432	849,961	1,505,649
Total recognised income and expense for the year								
- Profit for the year		—	—	—	—	—	318,705	318,705
Issue of new shares upon exercise of share options		12	4,079	—	(2,207)	—	—	1,884
Conversion of convertible bonds		344	63,652	—	—	(13,913)	—	50,083
Issue of new shares		833	299,167	—	—	—	—	300,000
Issuing costs		—	(37,618)	—	—	—	—	(37,618)
Share-based payments		—	—	—	8,417	—	—	8,417
Dividend paid		—	—	—	—	—	(38,637)	(38,637)
		1,189	329,280	—	6,210	(13,913)	(38,637)	284,129
At 30 June 2007		7,758	483,629	(4,473)	9,021	482,519	1,130,029	2,108,483
Total recognised income and expense for the year								
- Profit for the year		—	—	—	—	—	399,293	399,293
Issue of new shares upon exercise of share options	27	27	7,957	—	(2,928)	—	—	5,056
Share-based payments		—	—	—	6,906	—	—	6,906
Dividend paid		—	—	—	—	—	(50,454)	(50,454)
		27	7,957	—	3,978	—	(50,454)	(38,492)
At 30 June 2008		**7,785**	**491,586**	**(4,473)**	**12,999**	**482,519**	**1,478,868**	**2,469,284**

Notes:

a) The application of the share premium account is governed by the Companies Act of Bermuda.

b) The merger reserve represents the excess of the net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the group reorganisation (the "Reorganisation") on 29 June 2005 in preparation for the admission of the Company's shares to AIM of the London Stock Exchange.

c) The share option reserve represents the fair value of the actual or estimated number of unexercised share options recognised in accordance with the accounting policy adopted for share-based payments in note 3(r).

d) The capital reserve consists of amounts due to shareholders which have been capitalised upon the Reorganisation.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	2008 *RMB'000*	2007 *RMB'000* *(restated)*
Cash flows from operating activities		
Profit before income tax	**367,741**	373,985
Adjustments for:		
Unrealised exchange loss/(gain)	**518**	(1,581)
Interest income	**(5,982)**	(2,649)
Finance costs	**13**	4,390
Depreciation	**50,240**	26,201
Share-based payments	**6,906**	8,417
Amortisation of land use rights	**1,050**	1,313
Amortisation of deferred development costs	**2,400**	2,000
Net gain on change in fair value of biological assets	**(165,000)**	(133,172)
Write off of biological assets	**—**	9
Share of loss of associates	**1,359**	14
Operating profit before working capital changes	**259,245**	278,927
Movements in working capital elements:		
Properties for sale	**(10,215)**	(17,146)
Inventories	**86**	(405)
Biological assets	**(9,099)**	(7,688)
Trade and other receivables	**(5,573)**	1,023
Trade and other payables	**37,421**	(213)
Due to related parties	**(810)**	(1,650)
Cash generated from operations	**271,055**	252,848
Income tax paid	**(42,714)**	(38,573)
Net cash generated from operating activities	**228,341**	214,275
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3,775)**	(2,425)
Additions to construction-in-progress	**(206,981)**	(191,140)
Additions to biological assets	**(698)**	(4,142)
Additions to deferred development costs	**(13,000)**	(3,500)
Interest received	**5,982**	2,649
Net cash used in investing activities	**(218,472)**	(198,558)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 *RMB'000*	2007 *RMB'000* *(restated)*
Cash flows from financing activities			
Repayment from an associate		**981**	—
Proceeds from issue of new shares		**—**	300,000
Issuing costs paid		**—**	(37,618)
Proceeds from issue of new shares upon exercise of share options		**5,056**	1,884
Dividend paid		**(50,454)**	(38,637)
Finance costs paid		**(13)**	(7)
Net cash (used in)/generated from financing activities		**(44,430)**	225,622
Net (decrease)/increase in cash and cash equivalents		**(34,561)**	241,339
Cash and cash equivalents at beginning of year		**344,513**	103,174
Cash and cash equivalents at end of year	26	**309,952**	344,513

1 GENERAL INFORMATION

Asian Citrus Holdings Limited (the "Company") was incorporated in Bermuda on 4 June 2003 under the Companies Act of Bermuda as an exempted company with limited liability. The shares of the Company have been admitted to trading on AIM of the London Stock Exchange since 3 August 2005. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, Bermuda HM11. The address of its principal place of business is Rooms 1109-1112, Wayson Commercial Building, 28 Connaught Road West, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the planting, cultivation and sales of agricultural products.

The Directors regard Tong Wang Chow and his family through its direct shareholding in Market Ahead Investments Limited, a company incorporated in the British Virgin Islands ("BVI"), as being the ultimate controlling party of the Company.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional and presentation currency of the Group.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which comprise International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations ("IFRIC"), issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, and the AIM Rules issued by the London Stock Exchange.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values.

Impact of recently issued IFRSs

The Group has adopted certain new and revised IFRSs that are relevant to its operations and effective for the current accounting period. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of IFRS 7, Financial instruments: Disclosures, and the amendment to IAS 1, Presentation of financial statements, there have been some additional disclosures provided as follows:

As a result of the adoption of IFRS 7, the financial statements include expanded disclosures about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by IAS 32, Financial instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements, in particular in note 5.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE *(continued)*

The amendment to IAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 27(e).

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

IFRSs issued but not yet effective

Up to the date of issue of these financial statements, a number of IFRSs have been issued which are not yet effective for the year ended 30 June 2008 and which have not been adopted in these financial statements.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Note	
Revised IAS 1	(a)	Presentation of financial statements
Amendment to IAS 16	(a)	Property, plant and equipment
Amendment to IAS 19	(a)	Employee benefits
Amendment to IAS 27	(a), (b)	Consolidated and separate financial statements
Amendment to IAS 28	(a), (b)	Investments in associates
Amendment to IAS 32	(a)	Financial instruments: Presentation
Amendment to IAS 36	(a)	Impairment of assets
Amendment to IAS 38	(a)	Intangible assets
Amendment to IAS 39	(a), (b)	Financial Instruments: Recognition and measurement
Amendment to IAS 41	(a)	Agriculture
Amendment to IFRS 2	(a)	Share-based payment
Revised IFRS 3	(b)	Business combinations
Amendment to IFRS 5	(b)	Non-current assets held for sale and discontinued operations
IFRS 8	(a)	Operating segments
IFRIC 15	(a)	Agreements for the construction of real estate

Notes:

a) effective for annual periods beginning on or after 1 January 2009
b) effective for annual periods beginning on or after 1 July 2009

The directors of the Company anticipate that the application of these IFRSs will have no material impact on the results and financial position of the Group.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE *(continued)*

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June each year. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intra-group transactions, balances and unrealised profits on transactions between group entities are eliminated.

In the Company's balance sheet, investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

An investment in an associate is accounted for in the financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment is calculated, using the straight-line basis, to write off the cost of each asset less residual value over its estimated useful life on the following principal annual rates:

Buildings	2.22% to 3.57%
Leasehold improvements	3.33%
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Farmland infrastructure and machinery	2% to 20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits and the cost of the item can be measured reliably will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

d) Land use rights

The up-front prepayments made for the land use rights are amortised to the income statement using the straight-line basis over the terms of the leases.

e) Construction-in-progress

Construction-in-progress is stated at cost less impairment losses, which represents infrastructure and land improvements under construction. The cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Depreciation commences when the relevant assets are available for use.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Biological assets

A biological asset is a living plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural products, or into additional biological assets.

The fair values of orange tree biological assets are based on the present value of expected net cash flows from the orange trees discounted at a current market-determined pre-tax rate (the "Valuation Methodology").

Infant trees and immature seedlings purchased from the open market which are to undergo the process of transformation until they become mature and productive are also stated at fair value less estimated point-of-sale costs. The fair values are based on market-determined prices of infant trees and immature seedlings with similar size, species and age or alternative estimates of fair values. Management reviews the progress of infant trees and immature seedlings on an ongoing basis and should these be deemed to be unsuitable for further cultivation, full provision is made at that time.

In the absence of an open market, self-bred saplings are stated at cost at the balance sheet date and will be transferred to the category of infant trees upon plantation at their carrying value.

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale is recognised in the income statement.

Agricultural products harvested from the Group's biological assets is measured at their fair value less estimated point-of-sale costs. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value.

g) Properties for sale

Properties under development for sale are stated at cost less impairment losses. Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. On completion, the properties are reclassified to completed properties for sale at the carrying amount.

Completed properties for sale are stated at the lower of cost and net realisable value. Costs include costs of land use rights, construction costs and other direct costs attributable to such properties. Net realisable value is determined by reference to sales proceeds received after the balance sheet date less selling expenses, or by estimates based on prevailing market condition.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h) Inventories

Inventories comprising agricultural materials, consumables and packing materials are stated at the lower of cost and net realisable value and are calculated on the first-in, first-out basis. Net realisable value is based on anticipated sales proceeds less estimated selling expenses.

i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

j) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would not be material, in which case they are stated at cost.

k) Impairment

i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k) Impairment *(continued)*

ii) Non-financial assets

The carrying amounts of the non-financial assets, other than inventories (see note 3(h)) and deferred tax assets (see note 3(s)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Revenue recognition

Sales of agricultural products is recognised on the transfer of ownership, which coincides with the time of delivery of the products.

Sales of properties is recognised upon the execution of a binding sale agreement or upon the issuance of a real estate title certificate by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are carried in the balance sheet under trade and other payables.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and interest rates applicable.

n) Operating leases

Leases of assets, including cultivation bases, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are expensed in the income statement on a straight-line basis over the lease term.

o) Research and development costs

Research costs are charged to the income statement in the year in which they are incurred. Development costs are expensed as incurred, except where a specific project is undertaken where the technical feasibility of the product under development has been demonstrated, costs are identifiable and a market exists for the product such that the development costs are recoverable from related future economic benefits. Such development costs are recognised as deferred development costs in the balance sheet and amortised on a straight-line basis over a period of five years to reflect the pattern in which the related economic benefits are recognised.

p) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

q) Translation of foreign currencies

Transactions in foreign currencies are translated into RMB using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated into RMB at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

r) Employee benefits

(i) Employee retirement benefits

Costs of employee retirement benefits are recognised as an expense in the year in which they are incurred.

(ii) Share-based payments

The Company operates an equity-settled, share-based compensation plan. The cost of share options is charged to the income statement and the corresponding amount is recognised in the share option reserve under equity. Where the employees or directors are required to meet vesting conditions before they become entitled to the share options or shares, the Company recognises the fair value, determined at the grant date, of the share options or shares granted as an expense on a straight-line basis over the vesting period. If the employees or directors choose to exercise share options, the respective amount in the share option reserve is transferred to share capital and share premium, together with exercise price, net of any directly attributable transaction costs. At each balance sheet date, the Company revises its estimates of the number of share options expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement with a corresponding adjustment to the share option reserve over the remaining vesting period.

s) Taxation

Income tax in the income statement comprises current and deferred tax.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Taxation *(continued)*

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously: or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

t) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u) Related parties

A party is considered to be related to the Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

ii) the Group and the party are subject to common control;

iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of an entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The management had made the following estimates and assumptions in the process of applying the Group's accounting policies, which are described in note 3, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities as discussed below.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Fair values of biological assets

Management estimates the current market prices less estimated point-of-sale costs of biological assets at the balance sheet date with reference to market prices and professional valuations. Management considers that there is presently an absence of effective financial instruments for hedging against the pricing risks with the underlying agricultural produce. Un-anticipated volatility in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement changes in future accounting periods.

The Group's business is subject to the usual agricultural hazards from fire, wind, insects and other natural disasters. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place. Nevertheless, un-anticipated factors affecting harvestable agricultural produce may result in re-measurement or harvest changes in future accounting periods.

5 FINANCIAL RISK MANAGEMENT

Save as disclosed elsewhere in the financial statements, the Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Categories of financial instruments

	Group		Company	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	**334,515**	365,002	**520,246**	531,071
Financial liabilities				
Financial liabilities at amortised cost	**(57,966)**	(21,355)	**(33,473)**	(40,143)

b) Currency risk

The Group is exposed to currency risk primarily through its cash and cash equivalents that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars ("HKD"), United States dollars ("USD") and British pound ("GBP").

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. Management manages its foreign currency risk by closely monitoring the movement of the foreign currency rate and consider hedging significant foreign currency exposure should the need arise.

5 FINANCIAL RISK MANAGEMENT *(continued)*

b) Currency risk *(continued)*

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

Group

	Assets		Liabilities	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**125,684**	202,641	**1,694**	8,693
USD	**45**	148	**351**	—
GBP	**6,460**	27,961	**645**	699

Company

	Assets		Liabilities	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**413,743**	432,962	**1,406**	8,372
USD	**43**	147	**351**	—
GBP	**6,460**	27,961	**645**	699

5 FINANCIAL RISK MANAGEMENT *(continued)*

b) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after income tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

Group

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after income tax and retained profits** *RMB'000*	**Effect on other components of equity** *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after income tax and retained profits *RMB'000*	Effect on other components of equity *RMB'000*
HKD	**10%**	**12,398**	**—**	10%	19,395	—
	(10%)	**(12,398)**	**—**	(10%)	(19,395)	—
GBP	**10%**	**582**	**—**	10%	2,726	—
	(10%)	**(582)**	**—**	(10%)	(2,726)	—

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for the financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit after income tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

5 FINANCIAL RISK MANAGEMENT *(continued)*

c) Credit risk

The Group's maximum exposure to credit risk is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

The credit risk on cash and cash equivalents is limited because the counterparties are major banks located in the PRC and Hong Kong, which management believes are of high credit quality.

In order to minimise the credit risk on trade receivables, the Group has policies in place to ensure that sales of products are made to customers with appropriate credit history or in cash. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

5 FINANCIAL RISK MANAGEMENT *(continued)*

d) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and development and mitigate the effect of fluctuations in cash flows.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

Group

2008	**Carrying amount** *RMB'000*	**Total contractual undiscounted cash flow** *RMB'000*	**Less than 1 year** *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Between 2 and 5 years** *RMB'000*	**Over 5 years** *RMB'000*
Trade and other payables	**56,166**	**56,166**	**55,316**	**—**	**100**	**750**
Due to a related party	**1,800**	**1,800**	**1,800**	**—**	**—**	**—**
Total	**57,966**	**57,966**	**57,116**	**—**	**100**	**750**

2007	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*
Trade and other payables	18,745	18,745	18,645	—	100	—
Due to a related party	2,610	2,610	2,610	—	—	—
Total	21,355	21,355	21,255	—	100	—

5 **FINANCIAL RISK MANAGEMENT** *(continued)*

d) **Liquidity risk** *(continued)*

Company

2008	**Carrying amount** *RMB'000*	**Total contractual undiscounted cash flow** *RMB'000*	**Less than 1 year** *RMB'000*
Other payables	**2,401**	**2,401**	**2,401**

2007	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Less than 1 year *RMB'000*
Other payables	9,071	9,071	9,071

e) **Interest rate risk**

Except for short-term bank deposits, the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The management monitors interest rate exposure on dynamic basis and consider hedging significant interest rate exposure should the need arise.

f) **Fair value**

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheets approximate their respective fair values.

6 REVENUE

Revenue recognised during the year is as follows:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Sales of agricultural products	**526,980**	479,728
Sales of properties	**6,795**	—
	533,775	479,728

7 OTHER INCOME

	Group	
	2008	2007
	RMB'000	*RMB'000*
Exchange gain, net	**—**	3,294

8 SEGMENT INFORMATION

a) Business segments

No business segment information of the Group is presented as over 90% of the Group's revenue, expenses, assets, liabilities and capital expenditure are attributable to planting, cultivation and sales of agricultural products.

b) Geographical segments

No geographical segment information of the Group is presented as over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC.

9 PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting) the following:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Inventories used		
– production	**117,273**	112,943
– general and administrative	**42,956**	9,512
	160,229	122,455
Staff costs		
– production	**17,158**	13,891
– selling and distribution	**1,069**	966
– general and administrative	**19,385**	20,116
	37,612	34,973
Amortisation		
– general and administrative	**3,450**	3,313
Depreciation		
– production	**27,013**	16,176
– general and administrative	**21,402**	8,094
	48,415	24,270
Other operating expenses		
- production	**13,283**	5,619
- selling and distribution	**34,423**	30,392
- general and administrative	**38,232**	19,432
	85,938	55,443

9 PROFIT FROM OPERATIONS *(continued)*

Profit from operations is stated after charging/(crediting) the following: *(continued)*

	Group 2008 RMB'000	Group 2007 RMB'000
Of which:		
Amortisation of land use rights	**1,050**	1,313
Amortisation of deferred development costs	**2,400**	2,000
Auditors' remuneration	**1,459**	1,238
Cost of properties sold	**5,476**	—
Depreciation of property, plant and equipment	**50,240**	26,201
Add: Realisation of depreciation previously capitalised as biological assets	**1,931**	—
Less: Amount capitalised as biological assets	**(3,756)**	(1,931)
	48,415	24,270
Exchange loss/(gain), net	**15,147**	(3,294)
Operating lease expenses		
– plantation base	**6,300**	5,716
– office premises	**827**	672
Research and development costs	**4,558**	5,154

10 FINANCE COSTS

	Group 2008 RMB'000	Group 2007 RMB'000
Bank charges	**13**	7
Interest on convertible bonds	**—**	4,383
	13	4,390

11 INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense (credited)/charged to the consolidated income statement represents:

	Group	
	2008	2007
	RMB'000	*RMB'000*
PRC enterprise income tax ("EIT") *(Note (a))*	**11,164**	38,376
Land appreciation tax ("LAT") *(Note (b))*	**171**	—
Deferred taxation *(Notes (a) and 22)*	**(42,887)**	16,904
	(31,552)	55,280

a) EIT

Lucky Team Biotech Development (Hepu) Limited ("Lucky Team (Hepu)"), a subsidiary established in Hepu County, Guangxi Zhuang Autonomous Region, PRC, is subject to a preferential EIT rate of 15% up to 2010. For the year ended 30 June 2008, Lucky Team (Hepu) was subject to an EIT rate of 15% (2007: 15%).

Litian Biological Science & Technology Development (Xinfeng) Company Limited ("Litian (Xinfeng)"), a subsidiary established in Xinfeng County, Jiangxi Province, PRC, is subject to an EIT rate of 33%. Litian (Xinfeng) is eligible to be granted a preferential tax treatment. It will be exempted from EIT for the two years starting from its first assessable profit-making year and thereafter is entitled to a 50% relief from EIT for the following three years. For the year ended 30 June 2008, no provision for EIT is required since Litian (Xinfeng) has no assessable profit (2007: Nil).

Lucky Team Industrial (Ganzhou) Company Limited ("Lucky Team (Ganzhou)"), a subsidiary established in Ganzhou, Jiangxi Province, PRC, is subject to an EIT rate of 33%.

Pursuant to the PRC Enterprise Income Tax Law (the "New Law") passed by the Tenth National People's Congress on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. The New Law provides preferential tax rates and tax incentives for prescribed industries and activities.

On 1 January 2008, the New Law came into effect and the Foreign Enterprise Income Tax Law and its Implementation Rules were repealed. According to Article 27 of the New Law and Article 86(1) of the New Law Implementation Rules, enterprises engaging in certain crop-farming activities, including plantation of fruits, are exempted from EIT. Accordingly, Lucky Team (Hepu) and Litian (Xinfeng) are exempted from EIT with effect from 1 January 2008. The deferred taxation previously provided for by these subsidiaries were therefore reversed and recognised as a tax credit in the consolidated income statement for the year.

11 INCOME TAX (CREDIT)/EXPENSE *(continued)*

b) LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs for land use rights and all property development expenditures.

c) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong.

d) The actual tax (credit)/expense can be reconciled to the profit before income tax in the consolidated income statement as follows:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Profit before income tax	**367,741**	373,985
Notional tax at the applicable tax rate of 15%	**55,161**	56,097
Tax effect of non-deductible expenses	**19,414**	4,935
Tax effect of non-taxable revenue	**(64,624)**	(1,306)
Tax effect of unused tax losses not recognised	**873**	449
Overprovision in prior years	**—**	(4,895)
LAT	**171**	—
Reversal of deferred tax recognised due to imposition of new tax policy	**(42,887)**	—
Others	**340**	—
Actual tax (credit)/expense	**(31,552)**	55,280

12 EMPLOYEES AND DIRECTORS

	Group	
	2008	2007
	RMB'000	*RMB'000*
Staff costs (including directors' emoluments)		
Wages and salaries	**30,412**	26,339
Share-based payments	**6,906**	8,417
Employee retirement benefits	**294**	217
	37,612	34,973

	Group	
	2008	2007
Average monthly number of people (including directors) employed:		
– production	**864**	340
– selling and distribution	**70**	70
– general and administrative	**142**	103
	1,076	513

	Salaries and bonus	**Share-based payments**	**Group**	
			2008	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Directors' emoluments				
Executive Directors				
Tong Wang Chow	1,278	491	**1,769**	2,088
Tong Hung Wai	745	180	**925**	1,133
Cheung Wai Sun	623	147	**770**	898
Pang Yi	693	563	**1,256**	1,522
Sung Chi Keung	821	463	**1,284**	662
Non-executive Directors				
Ip Chi Ming	540	—	**540**	600
Ma Chiu Cheung	433	—	**433**	453
Lui Ming Wah	216	—	**216**	240
Yang Zhen Han	216	—	**216**	240
Nicholas Smith	433	—	**433**	435
Peregrine Moncreiffe	216	—	**216**	230
	6,214	1,844	**8,058**	8,501

13 PROPOSED FINAL DIVIDEND

	Group	
	2008	2007
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.8 (2007: RMB0.68) per ordinary share	**59,486**	50,454

The proposed final dividend is not recognised as a liability as at 30 June 2008 as it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Earnings		
Profit attributable to shareholders used in basic and diluted earnings per share calculation	**399,293**	318,705
Weighted average number of shares	**'000**	'000
Issued ordinary shares at beginning of year	**74,084**	62,202
Effect of new shares issued	**—**	2,123
Effect of conversion of convertible bonds	**—**	875
Effect of new shares issued upon exercise of share options	**110**	103
Weighted average number of ordinary shares used in basic earnings per share calculation	**74,194**	65,303
Effect of dilutive potential shares in respect of share options	**209**	148
Weighted average number of ordinary shares used in diluted earnings per share calculation	**74,403**	65,451

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Farmland infrastructure and machinery	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 July 2006	10,101	3,062	2,775	1,409	588,809	606,156
Additions	—	—	288	1,685	452	2,425
Transfer from construction-in-progress *(Note 17)*	—	—	—	—	297,360	297,360
At 30 June 2007	10,101	3,062	3,063	3,094	886,621	905,941
Additions	—	—	310	2,748	717	3,775
Transfer from construction-in-progress *(Note 17)*	—	—	15	—	237,425	237,440
Transfer to properties for sale	—	—	—	—	(4,619)	(4,619)
At 30 June 2008	**10,101**	**3,062**	**3,388**	**5,842**	**1,120,144**	**1,142,537**
Accumulated depreciation						
At 1 July 2006	1,142	170	476	986	64,475	67,249
Charge for the year	291	174	381	253	25,102	26,201
At 30 June 2007	1,433	344	857	1,239	89,577	93,450
Charge for the year	291	174	430	410	48,935	50,240
Transfer to properties for sale	—	—	—	—	(308)	(308)
At 30 June 2008	**1,724**	**518**	**1,287**	**1,649**	**138,204**	**143,382**
Carrying amount						
At 30 June 2008	**8,377**	**2,544**	**2,101**	**4,193**	**981,940**	**999,155**
At 30 June 2007	8,668	2,718	2,206	1,855	797,044	812,491

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost			
At 1 July 2006	1,413	—	1,413
Additions	30	1,373	1,403
At 30 June 2007	1,443	1,373	2,816
Additions	5	—	5
At 30 June 2008	**1,448**	**1,373**	**2,821**
Accumulated depreciation			
At 1 July 2006	48	—	48
Charge for the year	136	121	257
At 30 June 2007	184	121	305
Charge for the year	125	119	244
At 30 June 2008	**309**	**240**	**549**
Carrying amount			
At 30 June 2008	**1,139**	**1,133**	**2,272**
At 30 June 2007	1,259	1,252	2,511

16 LAND USE RIGHTS

	Group	
	2008	2007
	RMB'000	*RMB'000*
Cost		
At beginning of year	**37,204**	65,654
Transfer from/(to) properties for sale	**15,308**	(28,450)
At end of year	**52,512**	37,204
Accumulated amortisation		
At beginning of year	**2,354**	2,912
Charge for the year	**1,050**	1,313
Transfer from/(to) properties for sale	**1,007**	(1,871)
At end of year	**4,411**	2,354
Carrying amount	**48,101**	34,850

Land use rights represent the rights to use two pieces of land located in Xinfeng County, Jiangxi Province, PRC. The land use rights are valid for a period of 50 years up to 2053 and 2054 respectively.

17 CONSTRUCTION-IN-PROGRESS

	Group	
	2008	2007
	RMB'000	*RMB'000*
At beginning of year	**150,927**	257,147
Additions	**206,981**	191,140
Transfer to property, plant and equipment *(Note 15)*	**(237,440)**	(297,360)
At end of year	**120,468**	150,927

18 BIOLOGICAL ASSETS

Biological assets represent orange trees, infant trees, immature seedlings and self-bred saplings. The role of orange trees is to supply oranges through the processes of growth in each production cycle. The infant trees, immature seedlings and self-bred saplings are held for transforming into orange trees. The biological assets can be summarised as follows:

Group

	Self-bred saplings *RMB'000*	Immature seedlings *RMB'000*	Infant trees *RMB'000*	Orange trees *RMB'000* *(restated)*	Total *RMB'000* *(restated)*
At 1 July 2006	—	9	11,197	617,000	628,206
Additions	142	4,000	—	—	4,142
Net increase due to cultivation	—	—	—	7,688	7,688
Intra transfer to infant trees	—	(4,000)	4,000	—	—
Intra transfer to orange trees	—	—	(2,828)	2,828	—
Write off	—	(9)	—	—	(9)
Net change in fair value					
– Gain due to price, yield, maturity and cost changes	—	—	—	160,497	160,497
– Decrease due to replanting programme	—	—	—	(27,325)	(27,325)
	—	—	—	133,172	133,172
At 30 June 2007	142	—	12,369	760,688	773,199
Additions	698	—	—	—	698
Net increase due to cultivation	—	—	—	9,099	9,099
Net change in fair value					
– Gain due to price, yield, maturity and cost changes	—	—	—	210,200	210,200
– Decrease due to replanting programme	—	—	—	(45,200)	(45,200)
	—	—	—	165,000	165,000
At 30 June 2008	**840**	**—**	**12,369**	**934,787**	**947,996**

18 BIOLOGICAL ASSETS *(continued)*

Represented by:

	Self-bred saplings *RMB'000*	Immature seedlings *RMB'000*	Infant trees *RMB'000*	Orange trees *RMB'000*	**2008 Total** ***RMB'000***	2007 Total *RMB'000*
Non-current	840	—	12,369	918,000	**931,209**	765,511
Current	—	—	—	16,787	**16,787**	7,688
	840	—	12,369	934,787	**947,996**	773,199

The movement in biological assets can be summarised as follows:

Group

	Self-bred saplings *Number*	**Immature seedlings** *Number*	**Infant trees** *Number*	**Orange trees** *Number*
At 1 July 2006	—	1,674	1,246,077	1,246,052
Additions	203,515	400,000	55,185	—
Intra transfer to infant trees	—	(400,000)	400,000	—
Intra transfer to orange trees	—	—	(400,000)	400,000
Write off	—	(1,674)	—	—
Decrease due to replanting programme	—	—	—	(55,185)
At 30 June 2007	203,515	—	1,301,262	1,590,867
Additions	120,013	—	76,135	—
Decrease due to replanting programme	—	—	—	(76,135)
At 30 June 2008	**323,528**	**—**	**1,377,397**	**1,514,732**

Following the trial replanting programme in last financial year, the Group expanded further the replanting programme in Hepu Plantation. The replanting programme replaces existing species with more advanced and better quality species that have stronger resistance to disease and produce a higher yield. During the year, 76,135 summer orange trees were removed and the corresponding land area was replanted with the same amount of new species.

18 BIOLOGICAL ASSETS *(continued)*

The Valuation Methodology used to determine the fair value less estimated point-of-sale cost of orange trees is in compliance with both IAS 41, Agriculture, and the International Valuation Standards issued by the International Valuation Standard Committee which aims to determine the fair value of a biological asset in its present location and condition.

The infant trees, immature seedlings and self-bred saplings are still undergoing biological transformation before they are able to produce oranges. Once the infant trees, immature seedlings and self-bred saplings become mature and productive, they will be transferred to the category of orange trees.

	Group	
	2008	2007
Output of oranges	***Tonnes***	*Tonnes*
Total output for the year	**130,308**	121,091

The fair value less estimated point-of-sale costs of orange trees is calculated by deducting the value of machinery and equipment and other assets from the market value of the orange tree operation. In doing so the following major assumptions when using the Valuation Methodology were made:

a) With regard to the purchase price indices in the PRC over the past 10 years, it has been assumed that the price of oranges will remain stable at the current level throughout the life of the assets. Based on the Group's records, the selling prices of summer and winter oranges in Hepu Plantation are assumed to be RMB4,300 (2007: RMB4,230) and RMB2,700 (2007: RMB2,600) per tonne respectively. The selling price of winter oranges in Xinfeng Plantation is assumed to be RMB2,900 (2007: RMB2,800) per tonne.

b) Yield per tree generally increases from age 3 to 8, remain stable for about 22 years, and then decreases until age 35.

Annual total yield per tree (kg)

Age	**3**	**4**	**5**	**6**	**7**	**8**
<u>Hepu Plantation</u>						
Winter	23.71	32.96	49.58	65.05	80.14	98.73
Summer	—	—	—	—	—	98.19
<u>Xinfeng Plantation</u>						
Winter	9	25	60	60	60	60

18 BIOLOGICAL ASSETS *(continued)*

c) Based on historical records of the Group, direct costs and other operating expenses are assumed to be as follows:

	2008	2007
	% of sales	*% of sales*
Supplies and direct costs (excluding depreciation)	**30%**	28%
Selling and distribution expenses	**6%**	5%
General and administrative expenses	**4%**	3%

d) The Capital Asset Pricing Model has been used to determine a discount rate of 19% (2007: 20%) applied to the orange tree operation.

e) The land currently occupied by the Group is leased from third parties, and has no commercial value. With reference to the value of machinery and equipment and other assets (represented by improvements in the structures and buildings, wind breakers, etc.), the total values of the assets involved as at 30 June 2008 for Hepu Plantation and Xinfeng Plantation are approximately RMB262 million (2007: RMB221 million) and RMB112 million (2007: RMB77) respectively. No intangible assets are identified relating to the operation of the biological assets.

The Group is exposed to a number of risks related to its orange plantations:

i) Regulatory and environmental risks

The Group is subject to laws and regulations in the respective jurisdictions in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of orange. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

iii) Climate and other risks

The Group's orange plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The Group also insures itself against natural disasters such as floods and hurricanes.

19 DEFERRED DEVELOPMENT COSTS

	Group	
	2008	2007
	RMB'000	*RMB'000*
Cost		
At beginning of year	**19,000**	15,500
Additions	**13,000**	3,500
At end of year	**32,000**	19,000
Accumulated amortisation		
At beginning of year	**7,000**	5,000
Charge for the year	**2,400**	2,000
At end of year	**9,400**	7,000
Carrying amount	**22,600**	12,000

Deferred development costs relate to expenditure incurred in developing techniques relating to the cultivation of orange trees, which will increase the productivity of the biological assets in future periods. The carrying amount of RMB10 million (2007: RMB9 million) represented certain incomplete development projects, and the remaining balance of RMB12.6 million (2007: RMB3 million) has an average remaining amortisation period of 4.5 years (2007: 1.5 years) as at 30 June 2008.

20 INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	RMB'000	*RMB'000*
Unlisted investments, at cost	**5,300**	5,300
Capital contribution in respect of employee share-based payments	**3,839**	—
Due from subsidiaries	**481,918**	306,649
Due to a subsidiary	**(31,072)**	(31,072)
	459,985	280,877

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and not repayable within the next 12 months.

Details of subsidiaries as at 30 June 2008 are as follows:

Name	**Place of incorporation**	**Percentage of equity interest attributable to the Group**	**Principal activities**
Directly held:			
Newasia Global Limited	BVI	100%	Investment holding
Access Fortune Investments Limited	BVI	100%	Investment holding
Raised Energy Investments Limited	BVI	100%	Investment holding
Indirectly held:			
Lucky Team (Hepu)	PRC	100%	Planting, cultivation and sales of oranges
Litian (Xinfeng)	PRC	100%	Planting, cultivation and sales of oranges
Asian Citrus Management Company Limited	BVI	100%	Dormant
Asian Citrus (H.K.) Company Limited	Hong Kong	100%	Dormant
Lucky Team Biotech Development (Zigui) Limited	PRC	100%	Sourcing of oranges and development of nursery

20 INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation	Percentage of equity interest attributable to the Group	Principal activities
Indirectly held:			
Lucky Team Agriculture Development Limited	PRC	100%	Development of nursery
Lucky Team (Ganzhou)	PRC	100%	Development of orange processing centre
Lucky Team Real Estate (Yi Chang) Limited	PRC	100%	Dormant
Lucky Team Biological Development Yongzhou Limited	PRC	100%	Planting, cultivation and sales of oranges

21 INTERESTS IN ASSOCIATES

	Group	
	2008	2007
	RMB'000	*RMB'000*
Share of net liabilities	**(2,450)**	(1,091)
Due from an associate	**4,666**	6,165
	2,216	5,074

The amount due from an associate is unsecured, interest free and not repayable within the next 12 months. The advances to the associate were primarily for the funding of the operation.

Details of associates as at 30 June 2008 are as follows:

Name	Place of incorporation	Percentage of equity interest attributable to the Group	Principal activities
Asian Fruits Limited	BVI	46%	Dormant
Asian Fruits Trading (Dongguan) Limited	PRC	46%	Dormant

21 INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information in respect of the Group's associates is set out below:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Total assets	**4,625**	10,135
Total liabilities	**(9,953)**	(12,509)
Revenue	**—**	24,341
Loss for the year	**(2,954)**	(32)

22 DEFERRED TAXATION

	Group	
	2008	2007
	RMB'000	*RMB'000*
At beginning of year	**42,887**	25,983
(Reversal)/provision for deferred taxation *(Note 11)*	**(42,887)**	16,904
At end of year	**—**	42,887

The analysis of the deferred tax position is as follows:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Property, plant and equipment	—	45,986
Land use rights	—	(2,093)
Construction-in-progress	—	(46,208)
Biological assets	—	46,634
Deferred development costs	—	1,605
Inventories	—	1,162
Other receivables and prepayments	—	(849)
Trade and other payables	—	888
Other items	—	(4,238)
	—	42,887
Represented by:		
Deferred tax assets	—	(4,672)
Deferred tax liabilities	—	47,559
	—	42,887

23 PROPERTIES FOR SALE

	Group	
	2008	2007
	RMB'000	*RMB'000*
Properties under development for sale	—	54,080
Completed properties for sale	**54,305**	—
	54,305	54,080

The analysis of carrying value of land use rights included in properties for sale is as follows:

	Group	
	2008	2007
	RMB'000	*RMB'000*
In PRC, held on leases between 10 to 50 years	**11,153**	26,579

24 INVENTORIES

	Group	
	2008	2007
	RMB'000	*RMB'000*
		(restated)
Agricultural materials	**1,412**	1,498
Packing materials	**75**	75
	1,487	1,573

25 TRADE AND OTHER RECEIVABLES

	Group	
	2008	2007
	RMB'000	*RMB'000*
Trade receivables	**2,498**	—
Other receivables, deposits and prepayments	**17,399**	14,324
	19,897	14,324

Trade receivables at the balance sheet date are mainly receivables from the sales of properties and aged less than 30 days.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

26 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Short-term bank deposits	**119,279**	223,426	**37,823**	223,426
Cash at bank and on hand	**190,673**	121,087	**503**	995
	309,952	344,513	**38,326**	224,421

Included in the cash and cash equivalents of the Group as at 30 June 2008 is an amount of approximately RMB182,501,000 (2007: RMB119,929,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for terms of one month (2007: one month) depending on the immediate cash requirements of the Group.

27 SHARE CAPITAL

		Group and Company		
	Note	*Number of shares*	*HK$'000*	*RMB'000*
Authorised:				
Ordinary shares of HK$0.10 each				
At 1 July 2006, 30 June 2007 and 30 June 2008		200,000,000	20,000	20,900
Issued and fully paid:				
At 1 July 2006		62,201,949	6,220	6,569
Issue of new shares upon exercise of share options		115,500	12	12
Conversion of convertible bonds		3,433,476	343	344
Issue of new shares		8,333,333	833	833
At 30 June 2007		74,084,258	7,408	7,758
Issue of new shares upon exercise of share options	(a), (b), (c)	272,700	27	27
At 30 June 2008		**74,356,958**	**7,435**	**7,785**

27 SHARE CAPITAL *(continued)*

Notes:

a) On 9 August 2007, 88,500 and 24,000 new ordinary shares of HK$0.10 each were issued at £1.12 and £2.045 per share respectively to certain directors and employees upon exercise of 112,500 share options (Note 29(b)).

b) On 4 January 2008, 10,200 new ordinary shares of HK$0.10 each were issued at £2.045 per share to certain employees upon exercise of 10,200 share options (Note 29(c)).

c) On 18 June 2008, 150,000 new ordinary shares of HK$0.10 each were issued at £1.12 per share to Evolution Securities China Limited ("ESCL") upon exercise of 150,000 share options (Note 29(g)).

d) The ordinary shares issued rank pari passu with the existing ordinary shares in issue.

e) Capital management

The Group manages its capital to ensure that the Group has sufficient liquidity to support the operation and development while maximising the value of shareholders. The Group's overall strategy remains unchanged from prior year.

The Group's major internal cash resource is its cash and cash equivalents. The Group did not have any outstanding bank borrowings as at 30 June 2008.

Management of the Group reviews its capital structure periodically by assessing budgets of major projects taking into account of the provision of funding. The Group is not subject to externally imposed capital requirements.

28 RESERVES

	Company				
	Share premium	**Share option reserve**	**Capital reserve**	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 July 2006	167,264	2,811	13,913	(15,887)	168,101
Issue of new shares upon exercise of share options	4,079	(2,207)	—	—	1,872
Issuing costs	(37,572)	—	—	—	(37,572)
Conversion of convertible bonds	63,652	—	(13,913)	—	49,739
Issue of new shares	299,167	—	—	—	299,167
Share-based payments	—	8,417	—	—	8,417
Dividend paid	—	—	—	(38,637)	(38,637)
Profit for the year	—	—	—	39,894	39,894
At 30 June 2007	496,590	9,021	—	(14,630)	490,981
Issue of new shares upon exercise of share options	7,957	(2,928)	—	—	5,029
Share-based payments	—	6,906	—	—	6,906
Dividend paid	—	—	—	(50,454)	(50,454)
Profit for the year	—	—	—	37,937	37,937
At 30 June 2008	504,547	12,999	—	(27,147)	490,399

29 SHARE-BASED PAYMENTS

Details of the share options outstanding during the year are as follows:

		Group			
		2008		2007	
	Note	**Number of share options**	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Employees					
Outstanding at beginning of year		**2,287,500**	**£1.62**	1,155,000	£1.12
Granted during the year	(a)(iii)	**353,000**	**£2.425**	1,248,000	£2.045
Exercised during the year	(b), (c)	**(122,700)**	**£1.38**	(115,500)	£1.12
Outstanding at end of year		**2,517,800**	**£1.75**	2,287,500	£1.62
Exercisable at end of year		**678,100**	**£1.89**	—	
ESCL					
Outstanding at beginning of year	(f)	**150,000**	£1.12	150,000	£1.12
Exercised during the year	(g)	**(150,000)**	£1.12	—	
Outstanding at end of year		**—**		150,000	£1.12
Exercisable at end of year		**—**		150,000	£1.12

29 SHARE-BASED PAYMENTS *(continued)*

Notes:

Employees

a) The Company's share option plan (the "Plan") is established for the primary purpose of providing incentives to the directors and employees of the Group.

   i) On 25 July 2005, 1,155,000 share options were granted at an exercise price of £1.12 per share. The options will normally vest and become exercisable annually at the rate of 10% over 10 years, subject to continuing employment. No consideration was paid for the granting of the options. All options were issued upon the Company's shares were admitted to trading on AIM of the London Stock Exchange on 3 August 2005. The fair value of options granted was approximately RMB9,189,000 (equivalent to £651,000).

   ii) On 27 July 2006, 1,248,000 share options were granted at an exercise price of £2.045 per share under the Plan. The options will normally vest and become exercisable annually at the rate of 20% for the period from 27 July 2007 to 26 July 2014, subject to continuing employment and the satisfaction of certain performance conditions. No consideration was paid for the granting of the options. The fair value of options granted was approximately RMB16,359,000 (equivalent to £1,110,043).

   iii) On 14 September 2007, 353,000 shares options were granted at an exercise price of £2.425 per share under the Plan. The options will normally vest and become exercisable annually at the rate of 20% for the period from 14 September 2008 to 2 August 2015, subject to continuing employment and the satisfaction of certain performance conditions. No consideration was paid for the granting of the options. The fair value of options granted was approximately RMB4,870,000 (equivalent to £325,242).

b) On 9 August 2007, 88,500 and 24,000 new ordinary shares of HK$0.10 each were issued at an exercise price of £1.12 and £2.045 per share respectively upon exercise of 112,500 share options (Note 27(a)).

c) On 4 January 2008, 10,200 new ordinary shares of HK$0.10 each were issued at an exercise price of £2.045 per share upon exercise of 10,200 share options (Note 27(b)).

d) At 30 June 2008, the number of shares in respect of which options had been granted and remained outstanding under the Plan was 2,756,000 and 2,517,800, representing approximately 3.7% and 3.4% of the issued shares of the Company at that date respectively. The total number of shares in respect of which options may be granted under the Plan is not permitted to exceed 10% of the issued shares of the Company from time to time.

e) The weighted average share price at the date of exercise for share options exercised during the year was £2.95 (2007: £1.94). The options outstanding at the end of the year have a weighted average remaining contractual life of 6 years (2007: 7 years) and the exercise prices ranging from £1.12 to £2.425 (2007: £1.12 to £2.045).

ESCL

f) Additionally, share options are also granted to outside third parties for settlement in respect of services provided to the Group.

   On 27 July 2005, 350,000 share options were granted at an exercise price of £1.12 per share to ESCL as corporate finance fee and commission pursuant to the placing agreement. The options are exercisable for the period from 28 July 2005 to 28 July 2008. All options were issued upon the Company's shares were admitted to trading on AIM of the London Stock Exchange on 3 August 2005. The fair value of options granted was approximately RMB1,383,000 (equivalent to £98,000).

g) On 18 June 2008, 150,000 new ordinary shares of HK$0.10 each were issued at an exercise price of £1.12 per share upon exercise of the remaining 150,000 share options (Note 27(c)).

29 SHARE-BASED PAYMENTS *(continued)*

The fair value was calculated using the binomial model. The inputs into the model were as follows:

	Employees			ESCL
	(Note (a)(i))	*(Note (a)(ii))*	*(Note (a)(iii))*	*(Note (f))*
Spot price	£1.12	£2.08	£2.435	£1.12
Expected life (years)	10	8	8	3
Exercise price	£1.12	£2.045	£2.425	£1.12
Expected volatility	43%	42%	41%	43%
Risk-free interest rate	4.39%	4.61%	4.91%	4.24%
Dividend yield	0%	0%	1.8%	0%

The expected volatility is based on the historical volatility of the Company's share price and it is assumed the volatility is constant throughout the option life.

There was no service conditions or market conditions associated with the share options granted.

30 COMMITMENTS

a) Operating lease commitments

At 30 June 2008, the Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Within one year	**6,694**	6,573
In the second to fifth years inclusive	**25,205**	25,072
After five years	**240,462**	241,060
	272,361	272,705

Operating lease payments represent rental payable by the Group for certain of its office premises and land on which the plantations are situated. The leases of the plantations are negotiated for a term of 50 years expiring from 2050 to 2058.

30 COMMITMENTS *(continued)*

b) Capital and other commitments

At 30 June 2008, the Group had the following capital and other commitments:

	Group 2008 RMB'000	Group 2007 RMB'000
Contracted but not provided for		
Construction-in-progress	**32,180**	8,469
Properties under development for sale	**—**	12,675
Research and development	**7,000**	3,000
	39,180	24,144

31 RELATED PARTY TRANSACTIONS

a) Save as disclosed elsewhere in the financial statements, the Group had the following significant related party transactions during the year:

	Note	Group 2008 RMB'000	Group 2007 RMB'000
Purchases of organic fertilisers from:			
Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited ("Zhangzhou Chaoda")	(i)	**22,635**	17,378
Weizhou Chaoda Microbe Organic Fertiliser Company Limited ("Weizhou Chaoda")	(i)	**10,800**	2,213
		33,435	19,591
Operating lease expenses paid to:			
Alpha Best Limited		**291**	—
Pan Air & Sea Forwarders (HK) Limited		**15**	194
		306	194

Note:

i) The purchases were charged at prices and terms comparable with those charged to and contracted with independent third parties.

31 RELATED PARTY TRANSACTIONS *(continued)*

Zhangzhou Chaoda and Weizhou Chaoda are related parties of Lucky Team (Hepu) by virtue of Mr. Kwok Ho's interest. The entire registered capital of Zhangzhou Chaoda and Weizhou Chaoda is indirectly held by Mr. Kwok Ho, a director of Lucky Team (Hepu) and a substantial shareholder in Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"). Chaoda is in turn the holding company of Huge Market Investments Limited, a major shareholder of the Company.

Alpha Best Limited and Pan Air & Sea Forwarders (HK) Limited are related to the Group by virtue of Mr. Tong Wang Chow's interest in their share capital.

b) At 30 June 2008, the Group had the following amount due to a related party, which was trade in nature:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Weizhou Chaoda	**1,800**	—
Zhangzhou Chaoda	**—**	2,610
	1,800	2,610

c) Compensation of key management personnel

	Group	
	2008	2007
	RMB'000	*RMB'000*
Short-term employee benefits	**7,524**	7,664
Share-based payments	**3,069**	3,983
Post-employment benefits	**43**	111
	10,636	11,758

32 POST BALANCE SHEET EVENT

After the balance sheet date, the directors proposed a final dividend. Further details are disclosed in note 13.

33 COMPARATIVE FIGURES

As a result of adopting IFRS 7, Financial instruments: Disclosures, and the amendment to IAS 1, Presentation of financial statements, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in the current year. Further details are disclosed in note 2.

For the consolidated balance sheet as at 30 June 2007, inventories of RMB7,688,000 has been reclassified to biological assets to conform with the current year's presentation.

	2008	2007	2006	2005	2004
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**533,775**	479,728	404,566	322,313	275,208
Net gain on changes in fair value of biological assets	**165,000**	133,172	115,000	103,340	10,034
Profit before income tax	**367,741**	373,985	308,863	269,778	164,195
Income tax credit/(expense)	**31,552**	(55,280)	(50,937)	(20,970)	(12,380)
Profit for the year	**399,293**	318,705	257,926	248,808	151,815
Non-current assets	**2,123,749**	1,785,525	1,506,245	1,161,418	837,041
Property, plant and equipment	**999,155**	812,491	538,907	274,184	206,373
Biological assets	**947,996**	773,199	628,206	509,206	402,148
Current assets	**403,501**	422,178	130,044	90,760	47,670
Total assets	**2,527,250**	2,207,703	1,636,289	1,252,178	884,711
Non-current liabilities	—	47,559	76,919	98,619	20,208
Current liabilities	**57,966**	51,661	53,721	63,071	37,824
Capital and reserves	**2,469,284**	2,108,483	1,505,649	1,090,488	826,679

COMPANY INFORMATION

DIRECTORS

Mr TONG Wang Chow
Mr TONG Hung Wai, Tommy
Mr CHEUNG Wai Sun
Mr PANG Yi
Mr SUNG Chi Keung
Mr IP Chi Ming
Mr MA Chiu Cheung, Andrew
Dr Hon LUI Ming Wah, SBS JP
Mr YANG Zhen Han
Mr Nicholas SMITH
Hon Peregrine MONCREIFFE

COMPANY SECRETARY

Mr. SUNG Chi Keung

ASSISTANT COMPANY SECRETARY

Ira Stuart Outerbridge III

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
Bermuda HM11

NOMINATED ADVISER, FINANCIAL ADVISER AND CORPORATE BROKER

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

AUDITORS

Baker Tilly Hong Kong Limited
12/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

CCIF CPA Limited
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

UK AND HONG KONG LEGAL ADVISERS

Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

23/F, Cheung Kong Centre
2 Queens Road
Central
Hong Kong

BERMUDA AND BVI LEGAL ADVISERS

Conyers Dill & Pearman
2901 One Exchange Centre
8 Connaught Place
Central
Hong Kong

PRC LEGAL ADVISERS

GFE Law Office
18/F, Guangdong Holdings Tower
55 Dongfeng East Road
Guangzhou PRC

CHANNEL ISLANDS REGISTRARS

Computershare Investor Services
(Channel Islands) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW
Channel Islands

DEPOSITARY INTEREST REGISTRARS

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
United Kingdom

BERMUDA REGISTRARS

Butterfield Fund Services (Bermuda) Limited
Roseback Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asian Citrus Holdings Limited (the "Company") will be held at 20 Moorgate, London, EC 2R 6DA, United Kingdom on 12 December 2008 at 10:30am. The following businesses will be transacted then:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors of the Company and its subsidiaries for the year ended 30 June 2008;

2. To declare a final dividend of RMB0.8 per ordinary share for the year ended 30 June 2008;

3. To re-elect Mr. TANG Wang Chow, who retires by rotation, as executive Director of the Company;

4. To re-elect Mr. SUNG Chi Keung, who retires by rotation, as executive Director of the Company;

5. To re-elect Hon Peregrine MONCREIFFE, who retires by rotation, as non-executive Director of the Company;

6. To re-appoint Baker Tilly Hong Kong Limited and CCIF CPA Limited as joint auditors of the Company and to authorise the Directors to fix their remuneration;

As special businesses, to consider and if thought fit, pass with or without modifications, the following resolutions as ordinary resolution and special resolutions:

ORDINARY RESOLUTION

7. "**THAT**:

   (a) to make an offer to the holders of ordinary shares (excluding any member holding shares as treasury shares) to elect to receive new ordinary shares in the capital of the Company in lieu of all or any part of any interim or final dividend paid in respect of any financial period of the Company ending on or prior to 30 June 2013 upon such terms as the Directors of the Company may determine;

   (b) in respect of any such dividend to capitalise such amount standing to the credit of the Company's reserves as may be necessary,

   and the making by the Directors of the Company of any such offer and any such capitalisation by the Directors of the Company in each case in respect of any prior financial period is confirmed.

8. "**THAT:**

   (a) subject to sub-paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;

   (b) the approval in sub-paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approvals in sub-paragraphs (a) and (b) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or upon the exercise of rights of subscription or conversion under the outstanding warrants to subscribe for shares of the Company or any securities which are convertible into shares of the Company or the share option scheme of the Company or any scrip dividend in lieu of the whole or part of a dividend on shares of the Company, shall not exceed 10 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

"Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or

(c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

SPECIAL RESOLUTIONS

9. "**THAT:**

(a) subject to sub-paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on Alternative Investment Market of the London Stock Exchange ("AIM") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Financial Services Authority and the London Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the AIM Rules or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) shall be in addition to any other authorization given to the Directors of the Company and shall authorise the Directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the Directors;

(c) the aggregate nominal amount of the ordinary share capital of the Company which the Directors of the Company are authorised to repurchase pursuant to the approvals in sub-paragraphs (a) and (b) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

"Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or

(c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

10. "**THAT** conditional upon resolution numbered 8 and 9 as set out in the notice convening this meeting being passed, the aggregate nominal amount of the issued ordinary shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors of the Company pursuant to and in accordance with the said resolution numbered 9 above shall be added to the aggregate nominal amount of the ordinary share capital that may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors of the Company pursuant to and in accordance with the resolution numbered 8 as set out in the notice convening this meeting."

By Order of the Board,

Sung Chi Keung
Company Secretary

14 October 2008

Registered office:
Clarendon House, 2 Church Street, Hamilton, Bermuda HM11

Notes:

1 A member entitled to attend and vote at the annual general meeting ("AGM") may appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote on his or her behalf. In order to be valid an appointment of proxy must be returned by one of the following methods:

1.1 In hard copy form deposited with the Company's registrars. Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom; or

1.2 In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, and in each case instructions must be received not less than 72 hours before the time of the meeting. Appointment of a proxy does not preclude a member from attending the meeting and voting in person.

2 For an appointment of proxy returned in hard copy to be valid, it must be completed and deposited (together with any power of attorney or other written authority under which it is signed or a copy of such authority notarially certified or in some other way approved by the Directors) with Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW, not less than 48 hours before the meeting.

3 CREST members who wish to appoint a proxy or proxies by utIlising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a writing service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to chose sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or proxy, will be accepted to the exclusion of votes of the joint holders. For this purpose seniority is determined by the order in which the names stand in the register of members.

5 As at the date of this notice the Directors of the Company are Mr. Tong Wang Chow, Mr. Tong Hung Wai, Tommy, Mr. Cheung Wai Sun, Mr. Pang Yi, Mr. Sung Chi Keung, Mr. Ip Chi Ming, Mr. Ma Chiu Cheung, Andrew, Dr. Hon Lui Ming Wah, SBS JP, Mr. Yang Zhen Hon, Mr. Nicholas Smith and Hon Peregrine Moncreiffe.

6 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the Register of Members of the Company as of 9 December 2008 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the annual general meeting.

7 The register of members of the Company will be closed on 12 December 2008. Only shareholders that appear on the register on that date will be qualified for the proposed final dividend to be approved at the annual general meeting.

8 The register of Directors interests kept by the Company under Section 325 of the Companies Act 1995 will be available for inspection at the meeting from 8:30 am until the conclusion of the meeting.

9 Copies of the Directors' service contracts will be available for inspection at the meeting from 8:45 am until the conclusion of the meeting.