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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS (RMB Million)

	For the year ended 30 June **2005**	2004	% change
Turnover	**322.3**	275.2	+17
Gross profit	**223.1**	190.6	+17
EBITDA	**287.9**	177.9	+62
Profit from operations	**273.0**	165.1	+65
Profit before tax (before gains and losses on biological assets)	**166.4**	154.2	+8
Profit attributable to shareholders	**248.8**	151.8	+64
Basic earnings per share (RMB)	**4.98**	3.04	+64
Diluted earnings per share (RMB)	**4.87**	3.04	+60
Gross profit margin (%)	**69.2**	69.3	

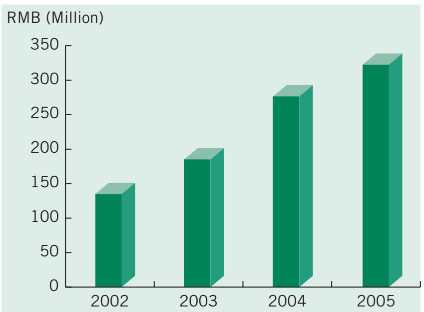
FINANCIAL POSITION (RMB Million)

Total assets	**1,252.2**	884.7	+42
Net current assets	**27.7**	9.8	+183
Cash & bank balances	**82.0**	19.1	+329
Shareholders' funds	**1,090.5**	826.7	+32

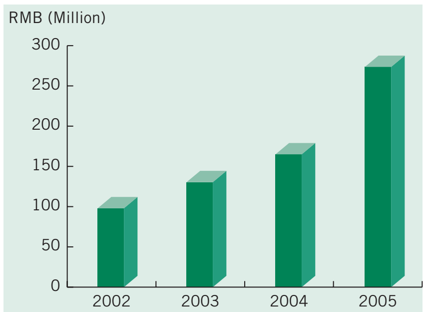
FINANCIAL RATIOS

Current ratio (x)	**1.44**	1.26	+14
Asset turnover (x)	**0.26**	0.31	-16
Return on assets (%)	**19.9**	17.2	
Return on equity (%)	**22.8**	18.4	

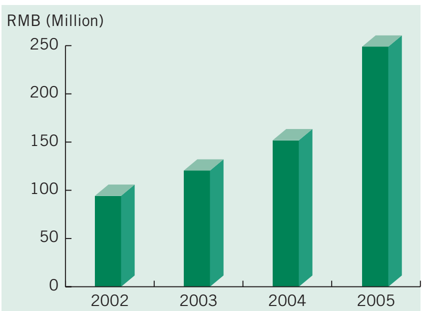
Turnover



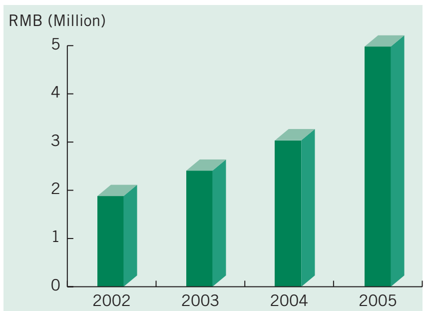
Profit from operations



Profit attributable to shareholders



Basic earnings per share



CHAIRMAN'S STATEMENT

ROBUST GROWTH AND CORPORATE GOVERNANCE

Milestone development

Admitted to the Altemative Investment Market ("AIM") market of the London Stock Exchange

Asian Citrus Holdings Limited has achieved an important milestone in its development during 2005. On 3 August 2005, the Company attained the status of a public company when its shares started trading on the AIM market of the London Stock Exchange. In total, 10,775,862 shares were issued at 112 pence of which 9,072,813 shares were new shares raising net proceeds of approximately RMB117 million for the Company.

Issuance of HK$100 million convertible notes

In March 2005 the Group issued HK$100 million of convertible notes for the purpose of raising funds for the development of the Group's two existing plantations. The issue was well received by the investors and also helped the Group to enlarge its investor base in preparation for the subsequent listing in August 2005.

Robust Operating Performance in 2004/2005

Building on the management team's professional expertise, solid experience and market visions, Asian Citrus aims to be one of the PRC's leading industrialized cultivators of agricultural produce. Turnover increased by 17% to RMB322.3 million for the year ended 30 June 2005 from RMB275.2 million for the year ended 30 June 2004. Due to careful field management and economies of scale, operating costs were further reduced when compared with 2003/2004. In July's AIM prospectus, we estimated that the Group's turnover and profit before tax (before gains and losses on biological assets) for the year ended 30 June 2005 were not less than approximately RMB322 million and RMB162 million respectively. I am pleased that the final figures of both the turnover and profit before tax (before gains and losses on biological assets) are better than the original estimated amounts.

New area of experience

Accountability

As Chairman of Asian Citrus, a public company, I feel deeply about the accountability of the Board of Directors and the management team towards the interest of all shareholders, particularly our minority shareholders. In fact, all shareholders are our valuable "business partners". Without their support, Asian Citrus would not have grown into what it is today.

Transparency

To safeguard shareholders' interest, the Board is determined to achieve a high level of transparency in the company's business model, underlying operations and strategic investment. The Board is therefore committed to ensuring that all relevant new information is regularly and efficiently communicated to the market and shareholders.

Corporate Governance

Being a growing company and also a young public company, the Board appreciates the importance of corporate governance. The Directors therefore plan to strengthen the Board as well as the senior management team with a number of key new appointments in the near future. The Company also set up the Audit Committee and Remuneration Committee on 1 July 2005 in order to strengthen the structure for efficient corporate governance.

Investor Relations

The Board recognizes that a meaningful investor relations channel is important to optimize shareholder value. It should not only help to explain the unique and pioneering business model of Asian Citrus to investors, but also help the Group to create an inter-active communication channel with all investors. In this connection, the Board has decided to launch a corporate website as a base for communication between Asian Citrus and its shareholders and potential investors.

Shareholders' Value

To maximize shareholders' value, the Board is committed to observing a strict set of internal financial policies. Depending on the capital expenditure plan and working capital requirements of the Group, the Board intends to adopt a dividend policy that will recommend a dividend payout equivalent to at least 10% of the net profits starting from the year ending 30 June 2006. As opportunities arise, management will consider different ways of fund raising in order to cater for the Group's investment needs whilst maintaining an appropriately structured balance sheet. As a yardstick, to avoid over-expansion, management considers that it is prudent to maintain gearing of less than 40% of the Group's net assets and an interest coverage of not less than four times.

Outlook of 2005/2006 — a year of consolidation

Continuous development of Xinfeng Plantation

The Xinfeng Plantation is still under development. Over the past 12 months, the Group has further invested approximately RMB189 million to develop the Xinfeng Plantation and an additional 400,000 Winter Oranges trees have been planted. Looking into the future, we will continue to invest in the development of the Xinfeng Plantation, which is expected to be completed by the end of 2006. The first harvest from the Xinfeng Plantation is expected to come in the winter of 2007.

Productivity in 2005/2006

Over the past few years, the Group has experienced substantial growth in both the production output and turnover as a result of the increasing maturity of the orange trees at the Hepu Plantation. Looking to the coming year, we expect that the production volume from the Hepu Plantation will continue to increase by approximately 12-14% due to the increasing maturity of the orange trees.

Quality Control and Brand Building

Asian Citrus has been a successful operator in the citrus industry and the China market over the past few years. After trading in the Company's shares began on AIM, the important position Asian Citrus occupies within its market has been further recognized by its own customers and potential overseas customers. Active steps have been taken by the Company to establish a national brand and the Board is of the view that quality control should be carefully maintained, especially in strict compliance with the Green Food Standards implemented by the China Green Food Development Centre ("CGFDC").

Prospects

We will explore other business opportunities within the fruit industry and we are negotiating with several national supermarket chains in the PRC in order to develop direct sales into the retail market. This should lead to an increase in profit margins as well as the development of closer relationships with end customers. In addition, leveraging on our pioneer position within the fruit industry, the Group will continue to look into different opportunities in order to further diversify the business and develop shareholder value and potential returns.

We believe that Asian Citrus will continue to grow and strengthen its leading position with the management's long-term, comprehensive vision. Following the admission to AIM in August 2005, the Group has further strengthened its financial position and is well-prepared for any future challenges and opportunities.

Tony Tong
Chairman

12 October 2005

REVIEW OF OPERATIONS

Admission to AIM on 3 August 2005 represented a landmark in the Group's history. In the Group's first reported results as an AIM quoted company, it is our pleasure to report record results.

The Group is engaged in the cultivation and sale of oranges and currently owns and operates two orange plantations in PRC, Hepu Plantation and Xinfeng Plantation respectively.

The location of an orange plantation has a significant bearing on the level of productivity of its orange trees and on the quality of the oranges produced by those trees.

HEPU PLANTATION

The Hepu Plantation is located approximately 20 km from the southern coastal city of Beihai in the Guangxi Zhuang Autonomous Region. The plantation occupies approximately 30.9 sq. km of land and has been producing fruit for the last five years. As at 31 December 2004, the Hepu Plantation contains approximately 601,000 Winter Orange trees and approximately 644,000 Summer Orange trees. Out of which, approximately 1.02 million orange trees were productive during the year ended 30 June 2005. During the six months ended 30 June 2005, another 50,000 Winter Orange trees were planted which are expected to have the first harvest in 2009.

For the year ended 30 June 2005, the entire production of the Group was from the Hepu Plantation. The total output for the year ended 30 June 2005 was approximately 96,977 tonnes compared to 83,170 tonnes for the year ended 30 June 2004, which represents an inter-year increase of 16.6%. The increase was due to the increasing maturity of the orange trees and the accumulation of agricultural experience for better maintenance of the orange trees.

XINFENG PLANTATION

The Xinfeng Plantation is located in the Jiangxi province in southeast PRC. The Group has leased a total 37.1 sq. km of land to develop the Xinfeng Plantation, and had, as at 31 December 2004, fully developed approximately 6.7 sq. km of that, planting 400,000 Winter Orange trees. The first harvest of these oranges is expected to occur during winter of 2007.

During the six months ended 30 June 2005, another approximately 6.7 sq. km of land has bee fully developed and planted with an additional 400,000 Winter Orange trees. The first harvest of these oranges is expected to occur during winter of 2009.

During the year ended 30 June 2005, approximately RMB189 million has been invested for the development of the Xinfeng Plantation. The contracted capital commitment was approximately RMB129 million as at 30 June 2005. It is expected that the entire plantation will be fully developed by the end of 2006.

CUSTOMERS

During the year ended 30 June 2005, the Group sells its orange to fruit distributors and wholesalers in PRC who are engaged in the trading of fruit produce. The Group's current customers can be divided into the following three categories:

— Corporate customers comprise companies that distribute oranges to a variety of organizations including large retailers.

— Wholesale customers who distribute oranges to wholesale markets, usually selling to small retailers.

— Sole proprietors, who are also wholesalers, but typically have no fixed location. They sell to a variety of different wholesale markets within PRC.

SALES AND MARKETING

The Group's sales team comprises 65 staff, divided into four teams, covering Eastern, Southern, Western and Central China. The sales teams, who receive a commission based on sales, are responsible for developing business relationships with existing clients and for establishing new relationships with potential clients. In addition, the sales teams provide market research information on the price of oranges and report these to the Company. The sales teams are supported by limited advertising and promotional programme during the period immediately before each harvest.

Originally, the Group's strategy was to price oranges by grading them into three categories and pricing the oranges according to their grade. However, with growth in demand, the Group does not currently grade the oranges unless specifically asked to do so by customers (and then does so at their expense). The Group has now adopted a policy of selling oranges at a single flat price to all customers. The average selling prices of Winter Oranges and Summer Oranges were about RMB2.48 and RMB3.82 per kg respectively.

RESEARCH AND DEVELOPMENT

The Directors believe that research and development is crucial to the long-term development of the Group. Recommendations from the Group's research and development team assist the Group to continue to develop and grow high quality oranges. The R&D expenditure of the year was approximately RMB4.3 million, representing an inter-year increase of 5%.

The Group's research and development team is located at the Hepu Plantation and currently comprises 17 staff. This team is responsible for conducting quality control checks on raw materials, seedlings, rootstocks and oranges, and for further research and development projects. Major research and development projects that the team has undertaken in the past include the development of improved species of oranges, development of techniques for cross-breeding of selected species, and application of "green food" and organic plantation techniques.

The Group's research and development team has also collaborated with researchers from various government academic and government research institutions, including the Guangxi Citrus Research Institute and the Guangdong Entomology Research Institute in PRC, to undertake specific research and development projects. Such projects included research on CGFDC "green food" production techniques and preventive techniques against plant disease for Summer Oranges.

OPERATING PERFORMANCE

Turnover

Sales turnover grew by 17.1% to RMB 322.3 million for the year ended 30 June 2005. By product mix, Summer Oranges continued to have dominated 72.4% of the total turnover for the year ended 30 June 2005 compared to 74.9% for the year ended 30 June 2004. Breakdown of sales by types of produce is as follows:

	For the year ended 30 June			
	2005		2004	
Types of produce	**RMB'000**	**% of total turnover**	RMB'000	% of total turnover
Winter Oranges	**89,092**	**27.6%**	69,129	25.1%
Summer Oranges	**233,221**	**72.4%**	206,079	74.9%
Total	**322,313**	**100.0%**	275,208	100.0%

All of the Group's produce are sold domestically during the two years ended 30 June 2005 to corporate customers, wholesale customers and sole proprietors. Breakdown of sales by types of customers is as follows:

	For the year ended 30 June	
Types of customers	**2005**	2004
	% of total turnover	
Corporate customers	**40.3%**	32.5%
Wholesale customers	**41.7%**	36.8%
Sole proprietors	**18.0%**	30.7%
Total	**100.0%**	100.0%

Similar to previous years, the Group's current customers can be divided into three categories, namely corporate customers, wholesale customers and sole proprietors. During the year ended 30 June 2005, the sales to corporate customers and wholesale customers had increased from 32.5% to 40.3% and from 36.8% to 41.7% respectively. This is consistent with the Group's strategy to increase its produce's exposure nationwide through the sales channels of the larger-scale corporate and wholesale customers.

Gross profit

The Group's overall gross profit increased by 17.1% to RMB223.1 million for the year ended 30 June 2005 from gross profit of RMB190.6 million for the year ended 30 June 2004. Improvement in gross profit was due to the increase in the production output of the Group's orange trees from total of 83,170 tonnes to 96,977 tonnes for the year with slight increase in the average selling price of oranges during the year.

The overall gross margin was stable at around 69% for the two years ended 30 June 2005 as a result of the effective cost control implemented by the Group's management.

Cost of sales

Cost of sales principally consists of the costs of raw materials such as fertilizers, packaging materials, pesticides and other direct costs such as direct labour and production overheads which include rentals, depreciation of owned property, plant and equipment and other production overheads. Breakdown of cost of sales is as follows:

	For the year ended 30 June			
	2005		2004	
	RMB'000	**% of cost of sales**	RMB'000	% of cost of sales
Inventories used				
Fertilizers	**34,286**	**34.5%**	28,853	34.1%
Packaging materials	**27,647**	**27.9%**	23,324	27.6%
Pesticides	**11,169**	**11.2%**	8,746	10.3%
	73,102	**73.6%**	60,923	72.0%
Production overheads				
Direct labour	**10,687**	**10.8%**	8,856	10.5%
Depreciation	**11,203**	**11.3%**	10,709	12.6%
Others	**4,221**	**4.3%**	4,131	4.9%
Total	**99,213**	**100.0%**	84,619	100.0%

The cost of sales of the Group increased from approximately RMB84.6 million for the year ended 30 June 2004 to approximately RMB99.2 million for the year ended 30 June 2005, representing an increase of approximately 17.2%. Same as previous years, the increase was mainly attributable to the increase in raw materials utilized during the year. The increase in the cost of sales was in line with the increase in the volume of Group's production outputs. The average unit cost of orange remained steady at approximately RMB1.02 per each kg for the two years ended 30 June 2005 as a result of the effective management of production costs implemented by the Group's management.

Other operating expenses

The Group's other operating expenses consist of selling and distribution expenses, general and administrative expenses and other net operating expenses.

Selling and distribution expenses mainly include advertising, salaries, commission, welfare of sales personnel, traveling and transportation expenses. The selling and distribution expenses of the Group increased from approximately RMB18.3 million for the year ended 30 June 2004 to approximately RMB18.8 million for the year ended 30 June 2005, representing an increase of approximately 2.7%. The increase was mainly attributable to the increase in the sales commission of approximately RMB2.4 million as a result of the increase in turnover, offset by the decrease of approximately of RMB2.3 million in transportation costs.

General and administrative expenses mainly include salary and welfare expenses, office administration expenses, depreciation, research costs and others. The general and administrative expenses of the Group were approximately RMB33.9 million, representing an increase of RMB16.7 million or approximately 97.1% over the previous year. Such increase was mainly attributable to the increase of approximately RMB10.7 million in raw materials utilized for immature seedlings as a result of the planting of new trees in both the Hepu Plantation and Xinfeng Plantation. In addition, research costs increased by approximately 5% from 2004 as the Group continued to conduct its own research and development program to maintain the high standard of cultivation and plantation base management techniques.

PRODUCTIVITY

On the other hand, increasing maturity of orange trees, effective managerial planning and production supervision had led to productivity gain.

	For the year ended 30 June			
	2005		2004	
Types of produce	**Tonnes**	**% of total output**	Tonnes	% of total output
Winter Oranges	**35,924**	**37.0%**	28,216	33.9%
Summer Oranges	**61,053**	**63.0%**	54,954	66.1%
Total	**96,977**	**100.0%**	83,170	100.0%

The increase in the sales of Winter Oranges and Summer Oranges was mainly due to the increase in the sales volume from a total of 28,216 tonnes and 54,954 tonnes for the year ended 30 June 2004 to a total of 35,924 tonnes and 61,053 tonnes for the year ended 30 June 2005, respectively, representing an increase of approximately 27.3% and 11.1%, respectively.

FINANCIAL PERFORMANCE

	As at 30 June	
	2005	2004
Current ratio (x)	**1.44**	1.26
Quick ratio (x)	**1.43**	1.25
Asset turnover (x)	**0.26**	0.31
Net debt to equity (%)	**0.55**	0.11

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity ratios

The current ratio of the Group was 1.44x in 2005 compared to 1.26x in 2004 while the quick ratio was 1.43x in 2005 compared to 1.25x in 2004. Both ratios were bolstered by the cash inflows from the Group's operation and the issuance of the HK$100 million convertible notes in March 2005. As in previous years, all sales during the year ended 30 June 2005 were conducted on cash basis. As a result, there was no outstanding trade receivable as at year-end. All the Group's sales were transacted in RMB during the two years ended 30 June 2005. No hedging activity was engaged into as RMB versus other foreign currencies as the Group has only engaged in minimal foreign currency transaction during the year ended 30 June 2005.

Debt ratio

As a result of the issuance of the HK$100 million convertible notes in March 2005, the Group's net debt to equity ratio increased slightly from approximately 0.11% as at 30 June 2004 to approximately 0.55%. In spite of this, the net debt to equity ratio is considered to be low.

Internal cash resources

The Group's major internal cash resources is the cash and bank balances. As at 30 June 2005, the Group's cash and bank balances were recorded at RMB82.0 million. The Group did not have any outstanding short-term bank borrowings as at 30 June 2005 and the major outstanding borrowings were the HK$100 million convertible notes issued in March 2005.

Subsequent to the year-end, the Company's shares were admitted to trading on AIM of the London Stock Exchange with the placing of 10,775,862 ordinary shares at 112 pence per share on 3 August 2005. Out of which, 1,703,049 shares were the old shares placed by two convertible notes holders after conversion of 30% (i.e. HK$24 million) of the principal value of the notes. The remaining 9,072,813 shares were new shares placed by the Company. By placing these new shares, the Company was able to raise net proceeds of approximately RMB117 million.

BOARD OF DIRECTORS

The Board consists of 4 executive directors and 5 non-executive directors, of whom 4 are classified as independent.

Board composition

Mr. Tong Wang Chow, Executive Chairman, also acts as Chief Executive Officer. In compliance with the Combined Code, the Company intends, during the course of the financial year ending 30 June 2006, or as soon as is practicable thereafter, to appoint a suitably qualified Chief Executive Officer so as to ensure a clear division of responsibilities between the management of the Board and the management of the Company's business.

Similarly, the Directors recognise that it is now appropriate to have a finance director at board level and intend to make this appointment during the course of the financial year ending 30 June 2006.

Executive directors

Mr. Tong Wang Chow

Mr. Tong Wang Chow, aged 66, is the Executive Chairman, Chief Executive Officer and 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 currently 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, a director of the Chinese General Chamber of Commerce and the vice-chairman of the Federation of Hong Kong Chiu Chow Community Organisations. He is also a member of China Citrus Society.

Mr. Tong Hung Wai, Tommy

Mr. Tong Hung Wai, Tommy, aged 36, is a 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

Mr. Cheung Wai Sun, aged 46, joined the Group as an Executive Director in 2004. Following the Admission. Mr Cheung started to work as 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, a major shareholder of the Company. Mr. Cheung has over 25 years of experience in trading and marketing businesses and has gained extensive knowledge and experience in the agricultural business in PRC by virtue of his position in Chaoda Vegetable.

Mr. Pang Yi

Mr. Pang Yi, aged 36, is the deputy general manager of the Hepu Plantation and he was appointed as investment service supervisor of Guangxi Zhuang Autonomous Region by Guangxi Foreign Trade and Economic Cooperation Department. Mr. Pang Joined the Group in 2000 and is responsible for the Group's overall operation and management in the PRC.

Non-executive directors

Mr. Ip Chi Ming

Mr. Ip Chi Ming, aged 44, is the non-executive director and 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 17 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

Mr. Ma Chiu Cheung, Andrew, aged 63, joined the Group in July 2004. Mr. Ma is a director of Andrew Ma DFK (CPA) Limited and 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, England. Mr. Ma is a fellow of the Institute of Chartered Accountants in England and Wales and a fellow of the Hong Kong Institute of Certified Public Accountants. He is currently also the president of the Hong Kong Federation of Youth Groups and vice-president of Hong Kong Chiu Chow Chamber of Commerce Limited. He is also an independent non-executive director of Tanrich Finance Holdings Limited, the People's Insurance Company of China (Hong Kong) Limited, China Resources People's Telephone Company Limited, Asia Financial Holdings Limited, Peaktop International Holdings Limited and C.P. Pokphand Co. Ltd.

Dr. Hon Lui Ming Wah, SBS JP

Dr. Hon. Lui Ming Wah, SBS JP, aged 67, joined the Group in June 2004. He is an industrialist serving as the honorary chairman of the Hong Kong Electronic Industries Association and the chairman of Hong Kong Shandong Business Association. He is also an executive committee member of the Chinese Manufacturers' Association of Hong Kong, a member of the Chinese People's Political Consultative Conference, a standing committee member of the Shandong Committee of Chinese Political Consultative Conference and the vice president of Shandong Federation of Industry and Commerce. 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 is a member of the Economic and Employment Council, a member of the Trade and Industry Advisory Board of the Trade and Industry Department, and the council of the Hong Kong Polytechnic University. He is also Vice Chairman of the Hong Kong Independent Police Complaints Council and a Consultant Professor of Shandong University. He obtained his masters and doctorate degrees from the University of New South Wales in Australia and the University of Saskatchewan in Canada. He is currently the Managing Director of Keystone Electronics Co. Limited.

Mr. Yang Zhen Han

Mr. Yang Zhen Han, aged 73, 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

Mr. Nicholas Smith, aged 53, joined the Group in July 2005. Mr. Smith has had over 20 years of experience in investment banking, having worked for Flemings, Jardine Fleming and HSBC in Europe and Asia. His roles have included co-head of investment banking and Chief Financial Officer of the Jardine Fleming Group. Mr. Smith is a Chartered Accountant having worked for KPMG and Ernst & Young.

Senior management

Mr. Liu Geng Feng, aged 65, 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, aged 47, 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, aged 41, 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, aged 42, joined the Group in March 2000 and is the executive controller of the Xinfeng Plantation. Mr. Zhong graduated from the Zhanjiang Agriculture Professional School specializing in fruits tree management. Mr. Zhong has 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. Xu Cheng Dong, aged 31, is the irrigation supervisor of the Group, responsible for the design, installation, testing and daily management of the irrigation system at the Hepu Plantation. Mr. Xu obtained his bachelor's degree in agricultural hydraulic engineering from the University of Hehai in July 1994. Mr. Xu joined the Group in 2000 and has over 10 years experience with agricultural irrigation systems.

Mr. Sung Chi Keung, aged 30, is the financial controller and company secretary of the Group. Mr. Sung holds a bachelor's degree in business administration, majoring in accountancy, from the Chinese University of Hong Kong. Mr. Sung is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Mr. Sung has over seven years' experience in financial management, accounting, taxation, auditing and corporate finance and held different positions in various international accounting firms and a corporate finance firm, before joining the Group in August 2004.

DIRECTORS' REPORT

The Directors present their report and the Group financial statements for the year ended 30 June 2005.

The Company is incorporated in Bermuda and regulated by the laws of Bermuda. The financial statements are prepared in accordance with International Accounting Standards and audited.

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 period. 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an exempted company incorporated under the laws of Bermuda with limited liability on 4 June 2003.

Under a reorganization (details as set out in Note 1 to the financial statements) on 29 June 2005, the Company acquired the entire share capital of Newasia Global Limited and became the holding company of the Group.

The Company's principal activities are cultivation and sales of oranges and currently owns and operates orange plantations in the People's Republic of China ("PRC").

The Company was successfully admitted to the Alternative Investment Market ("AIM") of the London Stock Exchange on 3 August 2005 (the "Admission").

Detailed reviews of activities, business developments and projects are included within the Chairman's Statement, the Review of Operations and Management Discussions & Analysis.

DIRECTORS' REPORT

RESULTS

The profit attributable to shareholders for the year was amounted to RMB249 million (2004: RMB152 million).

DIVIDENDS

The Directors do not recommend the payment of a dividend.

DIRECTORS

The names of the Directors are set out below:

Director	Date of appointment	Date of resignation
Mr. Tong Wang Chow	18 November 2003	
Mr. Tong Hung Wai, Tommy	18 November 2003	
Mr. Cheung Wai Sun	18 November 2003	
Mrs. Tong Lee Fung Kiu	18 November 2003	16 June 2005
Mr. Pang Yi	16 June 2005	
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	

DIRECTORS' REMUNERATION

Except for Mr. Tong Hung Wai, Tommy, no remuneration has been paid to the Directors for the year ended 30 June 2005. Mr. Tong Hung Wai, Tommy received RMB48,000 as remuneration from a Group company during the year ended 30 June 2005.

The following Executive Directors entered into service agreements with the Company on 1 July 2005 which were conditional upon Admission occurring before 10 August 2005, details of which are set out below:

Director	Title	Date of service agreement	Remuneration per annum
Mr. Tong Wang Chow	Chairman and Chief Executive Officer	1 July 2005	HK$1,300,000
Mr. Tong Hung Wai, Tommy	Executive Director	1 July 2005	HK$780,000
Mr. Cheung Wai Sun	Executive Director	1 July 2005	HK$650,000
Mr. Pang Yi	Executive Director	1 July 2005	HK$650,000

The following Non-Executive Directors have entered into letters of appointment in connection with services to be provided to the Company with effect from Admission:

Director	Date of appointment letter	Initial 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, 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

In addition, the following Directors hold options over shares in the Company, as of the date of this report:

Name	Number of options
Mr. Pang Yi	150,000 Ordinary Shares

Mr. Pang Yi's options are exercisable at the placing price of 112 pence each and will vest over 10 years (at a rate of 10 per cents. per year).

All options were issued to the Directors upon the Company being successfully admitted to AIM on 3 August 2005.

DIRECTORS' INTERESTS

The Directors who held office at the end of the financial year, 30 June 2005, had the following interests in the ordinary shares of the Company according to the register of Director's interests:

	30 June 2005
Tong Wang Chow*	19,380,000
Tong Hung Wai, Tommy*	1,530,000
Cheung Wai Sun	—
Pang Yi	—
Ip Chi Ming	—
Ma Chiu Cheung, Andrew	—
Hon Lui Ming Wah, SBS JP	—
Yang Zhen Han	—

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

All shares were issued to Market Ahead Investments Limited on 29 June 2005 upon the Reorganisation (Details as set out in Note 1 to the Financial Statements).

The Directors, Huge Market Investments Limited and Market Ahead Investments Limited have agreed not to dispose, save in certain limited circumstances, of any interest in Ordinary Shares (or related financial instruments) prior to the Business Day following the publication of the Group's financial results for the year ended 30 June 2006 without the written consent of Evolution Securities Limited.

On 3 August 2005, the date of the Company's flotation on the AIM of the London Stock Exchange, the Directors who held office at 3 August 2005 had the following interests in the ordinary shares of the Company according to the register of Director's interests:

	3 August 2005
Tong Wang Chow*	19,380,000
Tong Hung Wai, Tommy*	1,530,000
Cheung Wai Sun	—
Pang Yi	—
Ip Chi Ming	—
Ma Chiu Cheung, Andrew	—
Hon Lui Ming Wah, SBS JP	—
Yang Zhen Han	—
Nicholas Smith	25,000

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

SUBSTANTIAL SHAREHOLDINGS

As at 12 October 2005, the Company was aware of the following substantial interests or holdings in 3% or more of the ordinary called up share capital of the Company:

Shareholders	Number of shares	% of Issued Capital
Market Ahead Investments Limited	25,500,000	41.96
Huge Market Investments Limited	24,500,000	40.31
Evolution Securities Nominees Limited	1,980,000	3.26

CORPORATE GOVERNANCE

The Company was successfully admitted to AIM on 3 August 2005. The Company is currently in the process of developing appropriate Corporate Governance procedures relevant to the size and stage of development of the Company. The following description of Corporate Governance procedures reflects the Company's present intentions in this area.

CODE OF PRACTICE

The Listing Rules of the Financial Services Authority incorporates the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

THE BOARD OF DIRECTORS

The Board of Directors is currently composed of nine members: four Executive Directors and five Non-Executive Directors including Chairman and Chief Executive Officer, Mr. Tong Wang Chow. Each of the Executive Directors has a wealth of agricultural experience; the Non-Executive Directors have a wealth of experience in finance and corporate development.

The structure 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, risk management policies and the approval of 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.

Up to the date of this report, the Board met three times in relation to the Reorganization, application for Admission to trading on AIM and also for normal operational matters.

All Directors have access to the advice 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

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.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

THE AUDIT COMMITTEE

The Audit Committee, which intends to meet no less than twice a year and considers the Group's financial reporting (including accounting policies) and internal financial controls, is chaired by Mr. Ma Chiu Cheung, Andrew, the other member being Mr. Nicholas Smith, both of them are Non-Executive Directors. The Audit Committee will be responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Committee intends to receive reports from management and the external auditors as required.

THE REMUNERATION COMMITTEE

The Remuneration Committee which meets at least once a year and is responsible for making recommendations to the Board of Directors' and senior executives' remuneration is chaired by Mr. Nicholas Smith, the other member being Mr. Ma Chiu Cheung, Andrew. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognized job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

INTERNAL CONTROLS

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 enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company had adequate resources to continue its operations for the foreseeable future. For this reason they have adopted the going concern basis in preparation the consolidated financial statement for the company.

RELATIONS WITH SHAREHOLDERS

The Board attaches great importance to maintaining good relationships with its shareholders. Extensive information about the Company's activities is included in the Annual Report and accounts and future interim reports which will be sent to all shareholders. Market sensitive information is regularly released to all shareholders concurrently in accordance with stock exchange rules. The annual general meeting ("AGM") will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company is developing a corporate website where information on the Company will regularly updated and all announcements will be posted. The Company welcomes communication from both its private and institutional shareholders.

POST-BALANCE SHEET EVENTS

Details of substantial post-balance sheet events are provided in Note 30 to the Financial Statements.

ANNUAL GENERAL MEETING ("AGM")

The Notice of the Company's AGM will be distributed to shareholders together with the Annual Report. Full details of the Resolutions proposed at that meeting can be found in the Notice.

AUDITORS

CLB Littlejohn Frazer will retire at the forthcoming annual general meeting. A resolution will be proposed to appoint Baker Tilly Hong Kong Limited and CCIF CPA Limited as joint auditors and to authorize the board to fix their remuneration.

By order of the Board

Tong Wang Chow	**Cheung Wai Sun**
Director	*Director*

12 October 2005

REPORT OF INDEPENDENT AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASIAN CITRUS HOLDINGS LIMITED

We have audited the financial statements of Asian Citrus Holdings Limited for the year ended 30 June 2005 which comprise the consolidated income statement, consolidated balance sheet, the balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the accounting polices and related notes 1 to 34, which have been prepared under the historical cost convention as modified by the revaluation of the biological assets.

This report is made solely to the Company's members, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 15 the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report, the Chairperson's Statement and the Historic Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. An audit includes an examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF INDEPENDENT AUDITORS

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's and Group's affairs as at 30 June 2005 and of the results, cash flows and changes in equity for the year then ended in accordance with the basis of preparation set out in note 1 and have been properly prepared in accordance with International Financial Reporting Standards.

CLB Littlejohn Frazer
Chartered Accountants and
Registered Auditors

12 October 2005

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 June 2005 RMB'000	2004 RMB'000
Turnover	3	**322,313**	275,208
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	15	**103,340**	10,034
Other Revenue	4	**25**	4
		425,678	285,246
Inventories used	5	**(85,424)**	(62,556)
Staff costs	5	**(13,131)**	(10,731)
Depreciation	5	**(11,764)**	(11,276)
Other operating expenses	5	**(41,572)**	(35,547)
Write off of biological assets	15	**(782)**	—
Profit from operations	5	**273,005**	165,136
Finance income		**348**	46
Finance expenses	6	**(3,575)**	(987)
Net finance cost		**(3,227)**	(941)
Profit from ordinary activities before taxation		**269,778**	164,195
Taxation	7	**(20,970)**	(12,380)
Profit attributable to shareholders		**248,808**	151,815
Basic earnings per share	8	**RMB4.98**	RMB3.04
Diluted earnings per share	8	**RMB4.87**	RMB3.04

The Accounting Policies and Notes on pages 31 to 58 form part of these financial statements

CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2005 RMB'000	2004 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**274,184**	206,373
Land use rights	13	**55,372**	29,868
Construction-in-progress	14	**315,656**	189,652
Biological assets	15	**509,206**	402,148
Deferred development costs	16	**7,000**	9,000
		1,161,418	837,041
Current assets			
Inventories	17	**839**	252
Other receivables	18	**7,906**	28,288
Cash and bank balances		**82,015**	19,130
		90,760	47,670
Total assets		**1,252,178**	884,711
EQUITY AND LIABILITIES			
Equity			
Issued capital	24	**5,300**	106
Reserves		**1,085,188**	826,573
		1,090,488	826,679
Non-current liabilities			
Taxation payable	7	**—**	16,993
Deferred tax liabilities	7	**10,641**	3,215
Convertible bond	25	**87,978**	—
		98,619	20,208

CONSOLIDATED BALANCE SHEET *(continued)*

	Note	As at 30 June **2005** *RMB'000*	2004 *RMB'000*
Current liabilities			
Interest bearing loans and borrowings	19	**—**	20,000
Trade payables and accrued expenses	20	**7,051**	4,552
Due to related parties	21	**14,600**	3,557
Due to shareholders	22	**1,168**	—
Due to ultimate holding company	23	**9,715**	9,715
Taxation payable	7	**30,537**	—
		63,071	37,824
Total liabilities		**161,690**	58,032
Total equity and liabilities		**1,252,178**	884,711

Approved by the Board on 12 October 2005 and signed on its behalf.

Tong Wang Chow
Director

Cheung Wai Sun
Director

The Accounting Policies and Notes on pages 31 to 58 form part of these financial statements

COMPANY BALANCE SHEET

	Note	As at 30 June 2005 RMB'000	2004 RMB'000
ASSETS			
Non-current assets			
Investments	32	**5,300**	—
Current assets			
Other receivables	33	**—**	106
Total Assets		**5,300**	106
EQUITY AND LIABILITIES			
Equity			
Issued capital	34	**5,300**	106
Reserves		**(842)**	(98)
		4,458	8
Current liabilities			
Amounts due to group companies		**619**	98
Accrued expense		**223**	—
Total liabilities		**842**	98
Total equity and liabilities		**5,300**	106

Approved by the Board on 12 October 2005 and signed on its behalf.

Tong Wang Chow
Director

Cheung Wai Sun
Director

The Accounting Policies and Notes on pages 31 to 58 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Retained profit RMB'000	Total RMB'000
As at 30 June and 1 July 2004		106	827	482,519	343,227	826,679
Consolidated profit for the period		—	—	—	248,808	248,808
Issue of ordinary shares		5,194	—	—	—	5,194
Issue of ordinary shares in a subsidiary		—	21,200	—	—	21,200
Repurchase of ordinary shares in a subsidiary		—	(21,200)	—	—	(21,200)
Acquisition of subsidiary	28	—	(5,300)	—	—	(5,300)
Convertible bond	25	—	—	15,107	—	15,107
As at 30 June 2005		**5,300**	**(4,473)**	**497,626**	**592,035**	**1,090,488**

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 30 June 2005 RMB'000	2004 RMB'000
Cash flows from operating activities			
Profit before taxation		**269,778**	164,195
Interest income		**(348)**	(46)
Interest expenses	6	**3,575**	987
Depreciation charges	12	**11,764**	11,276
Amortization of land use rights	13	**1,096**	532
Amortization of deferred development costs	16	**2,000**	1,000
Revaluation gain of biological assets	15	**(103,340)**	(10,034)
Write off of biological assets	15	**782**	—
Operating profit before changes in working capital		**185,307**	167,910
(Increase)/decrease in inventories		**(587)**	146
Decrease in other receivables, deposits and prepayments		**20,276**	1,724
Increase in trade payable and accrued expenses		**47**	246
Decrease in due from related parties		**—**	80
(Decrease)/Increase in due to related parties		**(1,457)**	2,290
Net cash inflow from operating activities		**203,586**	172,396
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(411)**	(471)
Purchase of land use rights	13	**(26,600)**	(30,400)
Purchase of construction-in-progress	14	**(204,262)**	(135,531)
Purchase of biological assets	15	**(4,500)**	(2,715)
Payment of deferred development costs		**—**	(1,040)
Interest received		**348**	46
Net cash used in investing activities		**(235,425)**	(170,111)

CONSOLIDATED CASH FLOW STATEMENT *(continued)*

		Year ended 30 June	
	Note	**2005**	2004
		RMB'000	*RMB'000*
Cash flows from financing activities			
Increase in amounts due to related parties		**12,500**	—
Proceeds from issue of new shares in subsidiaries		**21,200**	—
Advance from shareholders	22	**1,168**	—
Issue of convertible loan notes	25	**80,212**	—
Proceeds from new short-term bank loans		**—**	20,000
Advance from ultimate holding company		**—**	5,552
Repayment of short-term bank loans	19	**(20,000)**	(18,000)
Finance costs paid		**(356)**	(987)
Net cash inflow from financing activities		**94,724**	6,565
Net increase in cash and cash equivalents		**62,885**	8,850
Cash and cash equivalents at beginning of year		**19,130**	10,280
Cash and cash equivalents at end of year		**82,015**	19,130

Non-cash transactions

On 23 December 2004, Newasia issued 3,061 ordinary shares for cash consideration of HK$20,000,000 (RMB21,200,000), as reflected in the cash flow statement.

On 14 February 2005, Newasia repurchased 3,061 shares from its shareholder for an aggregate consideration of HK$20,000,000 (RMB21,200,000). This purchase was effected through the issue of HK$20,000,000 (RMB21,200,000) convertible bonds to the shareholder on 4 March 2005. See note 25 in respect of issue of convertible bond.

During the year, the Company acquired the entire share capital in Newasia through the issue of 49,000,000 ordinary shares of HK$0.10 each and crediting as fully paid the 1,000,000 already in issue.

During the year, certain construction-in-progress amounting to RMB906,000 that were transferred to fixed assets were not yet paid but accounted for in accrued expenses.

Interest payable of RMB1,546,000 debited to convertible notes liabilities component was not paid but accounted for within accrued expenses.

1. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The consolidated income statement, consolidated balance sheet and consolidated cash flow statement of the Group as set out on pages 24 to 30, have been prepared as if the Company was in existence and had wholly owned each subsidiary throughout the year ended 30 June 2005 or since their respective dates of incorporation. The Company was incorporated on 4 June 2003 under the jurisdiction of Bermuda.

On 29 June 2005 the Company entered into a sale and purchase agreement with (1) Mr. Tong Wang Chow ("Mr. Tong") and (2) Huge Market Investments Limited ("Huge Market") pursuant to which the Company purchased the entire issued share capital of Newasia Global Limited in consideration of the Company (i) issuing 49,000,000 Shares, credited as fully paid, to Market Ahead Investments Limited ("Market Ahead") at the direction of Mr. Tong (as to 24,900,000 Shares) and Huge Market (as to 24,010,000 Shares) and (ii) crediting as fully paid at par the 1,000,000 nil paid Shares then held by Market Ahead (as to 510,000 Shares) and Huge Market (as to 490,000 Shares) (the "Reorganisation").

The following subsidiaries have been included within the consolidated financial statements:

	Place of Incorporation	Date of Incorporation
Newasia Global Limited ("Newasia")	British Virgin Islands	2 December 1997
Lucky Team Biotech Development (Hepu) Limited ("Lucky Team (Hepu)")	People's Republic of China	11 April 2000
Litian Biological Science & Technology Development (Xinfeng) Company Limited ("Litian (Xinfeng)")	People's Republic of China	21 November 2002
Asian Citrus Management Company Limited	British Virgin Islands	18 June 2003
Asian Citrus (H.K.) Company Limited	Hong Kong	13 October 2004

The financial statements are presented in Renminbi, rounded to the nearest thousand.

The financial statements are prepared under the historical cost convention as modified by the revaluation of the biological assets and in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The Company was formed on 4 June 2003 and was effectively dormant for the period ended 30 June 2004.

The IASB has issued a number of new or revised International Financial Reporting Standards and International Accounting Standards ("new IFRSs"), which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new IFRSs in the financial statements for the year ended 30 June 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

As IFRSs do not specify the accounting for business combinations of enterprises under common control, the Group has elected to apply the principles of uniting of interests (merger accounting) in the consideration of the consolidated financial statements under IFRS. Under the principles of uniting of interests, there is no goodwill arising on consolidation.

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. All material inter-company transactions and balances are eliminated on consolidation.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life.

The principal annual rates used for this purpose are as follows:

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

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

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, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(c) Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents consideration paid for the right to use the land on which various warehouses, office premises and processing factory are situated. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use right of 50 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Impairment

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(e) Construction-in-progress

Construction-in-progress is stated at cost. Cost comprises all direct costs of construction relating to property, plant and equipment. Construction-in-progress is transferred to fixed assets and depreciation commences when construction is completed and the asset is put into use.

(f) Biological assets

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

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 costs is recognised in the consolidated income statement.

Agricultural produce harvested from the Group's biological assets are 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.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Translation of foreign currencies

The functional and presentational currency of the group is Renminbi ("RMB"), the currency of the People's Republic of China.

Foreign currency transactions during the year are translated into Renminbi at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates ruling at the balance sheet date. Foreign currency assets, being equity investments or other long-term, non-monetary assets, the holding or use or the subsequent disposal of which will generate receipts in a foreign currency, are translated into Renminbi at the exchange rates ruling at the balance sheet date.

Exchange gains and losses are dealt with in the income statement, except those arising from the translation at closing rates of foreign currency assets hedged by foreign currency borrowings, and the gains and losses on those foreign currency borrowings (to the extent of exchange differences arising on the foreign currency assets), which are taken directly to reserves.

The results of foreign enterprises are translated into Renminbi at the average exchange rates for the year; balance sheet items are translated into Renminbi at the rates of exchange ruling at the balances sheet date. The resulting exchange differences are dealt with as movement in reserves.

(h) Employee benefits

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

(i) Other receivables, deposits and prepayments

Provision is made against other receivables, deposits and prepayments to the extent which they are considered to be doubtful. Other receivables, deposits and prepayments in the balance sheet are stated net of such provision if any.

(j) Inventories

The Group's inventories comprising agricultural materials, consumables and packing materials and finished goods are stated at the lower of cost and estimated net realisable value.

Costs of agricultural materials, consumables and packing materials are stated at their purchase costs calculated on a weighted average basis.

Estimated net realisable value is based on anticipated sales proceeds less estimated selling expenses.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

(k) Cash and cash equivalents

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

(l) Deferred taxation

Deferred taxation is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the rate expected to apply when the asset is realised or the liability is settled.

(m) Operating leases

Leases of assets, including cultivation bases, under which a significant portion of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to operating profit on a straight-line basis over the period of the respective leases.

(n) Research and development costs

Research costs are charged to the income statement in the year in which they are incurred. Project 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 5 years to reflect the pattern in which the related economic benefits are recognized.

(o) Revenue recognition

Sales of agricultural products are recognized on the transfer of ownership, which coincides with the time of delivery of the products.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Borrowings

Borrowings are initially recorded at fair value and classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

For convertible bonds the fair value of the liability portion of the bond is determined using the market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

(q) Borrowing costs

All borrowing costs are charged to the income statement in the year in which they are incurred.

(r) Related parties

For the purposes of this report, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(s) Financial risk management and financial factors

The Group's financial activities expose it to a variety of potential financial risks: market risk, credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the overall unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) *Market risk — foreign exchange risk*

The Group operates currently within the PRC and Hong Kong, with primary exposure to movements of the Renminbi and the Hong Kong Dollar. The Group has no formal hedging policy as historically the Renminbi and the Hong Kong Dollar have moved in unison.

(ii) *Credit risk*

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with appropriate credit history or in cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Financial risk management and financial factors *(continued)*

(iii) *Liquidity risk*

The Group has a policy of prudent liquidity risk management, which implies maintaining sufficient cash and having in place the availability of sufficient funding.

(iv) *Cash flow and fair value interest-rate risk*

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's convertible bond carries a fixed interest rate, thereby removing any exposure to cash flow interest-rate risk.

3. TURNOVER

Turnover represents the fair value of picked oranges which is equal to the consideration received.

4. OTHER REVENUE

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Exchange gain	**25**	4

5. PROFIT FROM OPERATIONS

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Profit from operations is stated after charging the following:		
Auditors' remuneration	**573**	25
Inventories used		
— production	**73,102**	60,923
— general and administration	**12,322**	1,633
	85,424	62,556
Staff costs (including directors' emoluments)		
— production	**10,687**	8,856
— selling and distribution	**1,005**	773
— general and administration	**1,439**	1,102
	13,131	10,731
Depreciation of owned property, plant and equipment		
— production	**11,203**	10,709
— general and administration	**561**	567
	11,764	11,276
Other operating expenses		
— production	**4,221**	4,131
— selling and distribution	**17,755**	17,541
— general and administration	**19,596**	13,875
	41,572	35,547
Of which:		
Amortization of land use rights	**1,096**	532
Amortization of deferred development costs	**2,000**	1,000
Operating lease expenses		
— plantation base	**6,018**	6,018
— office premises	**95**	95
Research expenses	**4,321**	4,147

6. FINANCE COSTS

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**349**	980
Bank charges	**6**	7
Exchange difference	**1**	—
Interest on convertible bond	**3,219**	—
	3,575	987

7. TAXATION

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

		Year ended 30 June	
		2005	2004
		RMB'000	*RMB'000*
PRC foreign enterprise income tax ("FEIT")	(a)	**13,544**	11,201
Deferred tax	(c)	**7,426**	1,179
		20,970	12,380

Taxation payable in the consolidated balance sheet represents:

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Balance of provision relating to previous years	**16,993**	5,792
FEIT provision for the year	**13,544**	11,201
	30,537	16,993

7. TAXATION *(continued)*

(a) PRC foreign enterprise income tax ("FEIT")

Lucky Team (Hepu), a wholly owned subsidiary established in Hepu county, Guangxi Zhuang Autonomous Region, PRC, is subject to a preferential PRC FEIT rate of 15 per cent up to the year 2010. However, it has been exempt from PRC FEIT for two years starting from the year ended 30 June 2001, followed by a 50 per cent reduction for the next three years. The due date of FEIT payment for all years to 30 June 2005 for Lucky Team (Hepu) is 31 December 2005. Therefore, the taxation payable as at 30 June 2005 is classified under current liabilities in the consolidated balance sheet.

Litian (Xinfeng), a wholly owned subsidiary established in Xinfeng county, Jiangxi Province, PRC, had not commenced business as at 30 June 2005 and accordingly is not subject to FEIT.

(b) Hong Kong and other jurisdiction profits tax

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong. The other members of the Group are registered as exempt companies within their country of incorporation.

(c) Deferred taxation

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
At beginning of year	**(3,215)**	(2,036)
Provision for deferred tax	**(7,426)**	(1,179)
Deferred tax liabilities at end of year	**(10,641)**	(3,215)

7. TAXATION *(continued)*

(c) Deferred taxation *(continued)*

Net tax asset/liability by type of temporary difference:

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Tax assets:		
Construction-in-progress	**4,186**	2,612
Land use rights	**122**	40
Accounts receivable and prepayments	**13**	—
Expenses	**104**	104
Other items	**786**	499
	5,211	3,255
Tax liabilities:		
Property, plant and equipment	**7,638**	6,285
Biological assets	**8,214**	185
	15,852	6,470
Net asset/(liability)	**(10,641)**	(3,215)

(d) As the Group's major operation and income was located in PRC and classified as an "encouraged category", the applicable preferential tax rate to the Group was 7.5 per cent in relation to the PRC subsidiary as stated in (a) above.

The charges can be reconciled to the profit in the consolidated income statement as follows:

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Profit from ordinary activities before taxation	**269,778**	164,195
Tax at the applicable tax rate of 15%	**40,467**	24,629
Tax effect of tax reduction to 7.5%	**(20,233)**	(12,314)
Tax effect of expenses in group companies not subject to taxation	**736**	65
Tax expense for the year	**20,970**	12,380

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders during the years and assuming 50,000,000 shares were in issue throughout the years ended 30 June 2004 and 2005, being 1,000,000 shares in issue and issuable and taking account of 49,000,000 shares issued on 29 June 2005 (see note 24 below).

The diluted earnings per share is calculated assuming conversion of all potential dilutive potential ordinary shares. The convertible debt is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense. The convertible debt carries a variable conversion ratio to achieve an internal rate of return of 25%. At the year end, the implied rate had been achieved and therefore the specified rate of HK$16.31 per share has been used for conversion.

	RMB'000
Profit attributable to equity shareholders of the Company	248,808
Interest expense on convertible debt	3,219
Profit used to determine diluted earnings per share	252,027
Assumed number of shares in issue (000s)	50,000
Assumed conversion of convertible debt (000s)	1,781
Weighted average number of shares for diluted earnings per share	51,781
Diluted earnings per share (RMB)	4.87

9. EMPLOYEE RETIREMENT BENEFITS

Both Lucky Team (Hepu) and Litian (Xinfeng), participate in a state-sponsored retirement scheme. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees, thus Lucky Team (Hepu) and Litian (Xinfeng) have no further obligations for the actual pension payments or other post-retirement benefits beyond the annual contributions. For the years ended 30 June 2004 and 2005, the Group's expenses related to the retirement scheme amounted to approximately RMB494,000 and RMB295,000 respectively.

10. EMPLOYEES AND DIRECTORS

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Staff costs for the Group during the year:		
Wages and salaries	**12,853**	10,257
Social security costs	**278**	474
	13,131	10,731

	Year ended 30 June	
	2005	2004
Average monthly number of people (including directors) employed by business group:		
Production	**340**	340
Selling and distribution	**65**	65
General and administrative	**70**	69
	475	474

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Director's emoluments		
Tong Hung Wai	**48**	48

No other director received emoluments for either year.

11. SEGMENTAL REPORTING

(a) Business segment

Throughout the years ended 30 June 2004 and 2005 the Group operated in one business segment, which was planting, cultivation and selling of agricultural products. All of the Group's assets, liabilities and results relate to this segment.

(b) Geographical segment

Throughout the years ended 30 June 2004 and 2005 the Group operated in one geographical segment, which was the PRC. All of the Group's assets, liabilities and results relate to this segment.

12. PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment are:

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Leasehold Furniture fixtures and office equipment *RMB'000*	Motor vehicles *RMB'000*	Farmland infrastructure and machinery *RMB'000*	Total *RMB'000*
Cost						
As at 30 June and 1 July 2004	7,840	431	378	900	235,630	245,179
Additions	—	—	87	280	44	411
Transfer from construction- in-progress	500	—	—	—	78,664	79,164
As at 30 June 2005	**8,340**	**431**	**465**	**1,180**	**314,338**	**324,754**
Accumulated depreciation						
As at 30 June and 1 July 2004	656	38	238	702	37,172	38,806
Charge for the period	232	15	74	137	11,306	11,764
As at 30 June 2005	**888**	**53**	**312**	**839**	**48,478**	**50,570**
Carrying amounts						
As at 30 June 2005	**7,452**	**378**	**153**	**341**	**265,860**	**274,184**
As at 30 June 2004	7,184	393	140	198	198,458	206,373

13. LAND USE RIGHTS

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Cost		
At beginning of year	**30,400**	—
Additions	**26,600**	30,400
At end of year	**57,000**	30,400
Accumulated amortisation		
At beginning of year	**532**	—
Charge for the year	**1,096**	532
At end of year	**1,628**	532
Carrying amounts	**55,372**	29,868

Land use rights represent the right 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 August 2053 and for a period of 50 years up to July 2054 respectively.

14. CONSTRUCTION-IN-PROGRESS

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
At beginning of year	**189,652**	54,144
Additions	**205,168**	135,531
Transfer to property, plant and equipment (Note 12)	**(79,164)**	(23)
At end of year	**315,656**	189,652

Construction-in-progress is split as follows:

Lucky Team (Hepu)	**9,032**	19,921
Litian (Xinfeng)	**306,624**	169,731
	315,656	189,652
Infrastructure	**6,239**	41,253
Land improvements	**309,417**	148,399
	315,656	189,652

15. BIOLOGICAL ASSETS

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

	Immature seedlings		Infant trees		Orange trees		Total
	Number	*RMB'000*	*Number*	*RMB'000*	*Number*	*RMB'000*	*RMB'000*
At 1 July 2003	106,596	619	222,480	1,780	1,023,572	387,000	389,399
Additions	22,000	110	372,200	2,605	—	—	2,715
Inter-transfer	(27,800)	(189)	27,800	189	—	—	—
Gain arising from changes in fair value less estimated point-of-sale costs	—	—	—	34	—	10,000	10,034
At 30 June and 1 July 2004	100,796	540	622,480	4,608	1,023,572	397,000	402,148
Additions	50,000	500	400,000	4,000	—	—	4,500
Intra transfer to infant trees	(46,077)	(249)	46,077	249	—	—	—
Intra transfer to orange trees	—	—	(222,480)	(1,780)	222,480	1,780	—
Gain arising from changes in fair value less estimated point-of-sale costs	—	—	—	120	—	103,220	103,340
Amounts written off	(103,045)	(782)	—	—			(782)
At 30 June 2005	**1,674**	**9**	**846,077**	**7,197**	**1,246,052**	**502,000**	**509,206**

The biological assets, including orange trees, infant trees and immature seedlings, were stated at fair values less estimated point-of-sale costs as at 1 July 2004 and 30 June 2005.

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 and the International Valuation Standards issued by the International Valuation Standard Committee which, aim to determine the fair value of a biological asset in its present location and condition. Sallmanns (Far East) Limited, the independent valuers, assisted the Directors in the calculation of the fair values less estimated point-of-sale costs of the orange trees at the respective dates.

Both the infant trees and immature seedlings are still undergoing biological transformation before they are able to produce oranges. Once the infant trees and immature seedlings become mature and productive they will be transferred to the category of orange trees and measured at fair value less estimated point-of-sale costs at each balance sheet date.

15. BIOLOGICAL ASSETS *(continued)*

On review a number of the immature seedlings were deemed to be unsuitable for further cultivation and were written off.

	Year ended 30 June	
	2005	2004
Output of oranges	***tonnes***	*tonnes*
Total output for the year	**96,977**	83,170

Valuation Methodology — significant assumptions

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

(a) With regard to the purchase price indices in 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 ("Projection Period"). Based on Group records, the sales prices of Summer and Winter oranges are assumed to be RMB3,820 per tonne and RMB2,480 per tonne respectively.

(b) Production per tree will increase from ages 3 to 7 and remain stable for approximately another 22 years thereafter, subsequently entering a diminishing phase and would effectively become non-productive at the age of 35 years.

	Annual total Yield per tree (kg)				
Age	**3**	**4**	**5**	**6**	**7**
Winter	23.6	23.6	51.1	68.1	85.2
Summer	—	—	—	—	90.4

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

Direct costs and operating expenses	**% of Sales**
Supplies and direct costs (excluding depreciation)	32%
Selling expenses	7%
Management expenses	4%

(d) In order to realise the growth potential in yield and maintain a competitive edge, additional manpower equipment and facilities are necessary to be employed. For the valuation exercise it is assumed that proposed facilities and systems are sufficient for future expansion.

15. BIOLOGICAL ASSETS *(continued)*

(e) It has been assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions during the Projection Period that would adversely affect the business. In addition, competitive advantages and disadvantages of the operation relating to orange trees do not change significantly during the Projection Period.

(f) Based on local weather information over the past 20 years it is assumed that no unusual change in weather that would have a significant impact on production during the Projection Period will occur.

(g) The Capital Asset Pricing Model (the "CAPM") has been used to determine a discount rate of 23 per cent applied to the orange tree operation.

(h) With reference to machinery and equipment valuation, the market values of machinery, equipment and structures as at 30 June 2004 and 2005 is approximately RMB136 million and RMB133 million respectively. The land currently occupied by the Group is leased from third parties and has no commercial value. The book value of other assets (represented by improvements in the structures and buildings, wind breakers, etc) is approximately RMB24 million at 30 June 2004 and RMB43 million at 30 June 2005.

16. DEFERRED DEVELOPMENT COSTS

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Cost		
At beginning of year	**10,000**	8,960
Additions	**—**	1,040
At end of year	**10,000**	10,000
Accumulated amortisation		
At beginning of year	**1,000**	—
Amortisation charge	**2,000**	1,000
At end of year	**3,000**	1,000
Carrying amounts	**7,000**	9,000

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.

17. INVENTORIES

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Agricultural materials	**756**	168
Packing materials	**83**	84
Total	**839**	252

Agricultural materials include fertilisers and pesticides not yet utilized at the year end. Packaging materials represent packing materials not yet utilised at the year end.

18. OTHER RECEIVABLES

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Other receivables	**563**	530
Prepayments	**7,343**	27,652
Amounts due from shareholders	**—**	106
	7,906	28,288

Amounts due from shareholders related to unpaid share capital in the Company now paid.

19. SHORT-TERM BANK LOANS

The short-term bank loans of RMB20,000,000 were repaid during the year ended 30 June 2005 and were interest bearing at a range of 0.4425 to 0.48675 per cent per month.

The bank loans were secured on the Group's farmland infrastructure and biological assets.

20. TRADE PAYABLES AND ACCRUED EXPENSES

Trade payables and accrued expenses consist of:

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Trade payables	**3,693**	3,160
Accrued expenses	**3,358**	1,392
	7,051	4,552

All of the trade payables and accrued expenses are expected to be settled within one year of the balance sheet date.

21. DUE TO RELATED PARTIES

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Top Nation Shipping Limited	**—**	1,892
Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited	**2,100**	1,665
Fuzhou Chaoda Modern Agriculture Development Company Limited	**12,500**	—
	14,600	3,557

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Top Nation Shipping Limited is related by virtue of the Tong family's interest in the share capital.

Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited ("Zhangzhou Chaoda") is a related part of Lucky Team (Hepu) by virtue of Mr Kwok Ho's interest. The entire registered share capital of Zhangzhou 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 in the Company.

Fuzhou Chaoda Modern Agriculture Development Company Limited is a wholly-owned subsidiary of Chaoda.

22. DUE TO SHAREHOLDERS

	Transfer of property plant and equipment by a shareholder	Total
	RMB'000	*RMB'000*
At 30 June and 1 July 2004	—	—
Increase	1,168	1,168
At 30 June 2005	**1,168**	**1,168**

The amounts due to shareholders are unsecured, interest free and have no fixed terms of repayment.

23. DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is unsecured, interest free and has no fixed terms of repayment.

24. SHARE CAPITAL

	Authorised, issued and fully paid ordinary shares of HK$0.10 each		
	No. of shares	*HK$'000*	*RMB'000*
Share capital as at 30 June 2005 represents share capital of the Company	50,000,000	5,000	5,300

On 29 June 2005 the Company issued 49,000,000 ordinary shares of HK$0.10 each to Market Ahead Investments Limited (24,990,000 shares) and Huge Market Investments Limited (24,010,000 shares), as part of the purchase consideration for the entire share capital of Newasia. The ordinary shares issued have the same rights as the other shares in issue.

See note 30 in respect of ordinary shares issued subsequent to the year end.

25. CONVERTIBLE BOND

On 16 March 2005, Newasia issued HK$100,000,000 convertible unsecured loan notes, the principal terms of which include:

(a) Maturity date 3 years from date of issue

(b) Interest payable semi-annually of 5 per cent per annum

(c) Within 10 business days of Newasia becoming a wholly owned subsidiary of the Company, to exchange the notes for notes of the Company on terms that protect the note holders' conversion rights

(d) Convert into ordinary shares of Newasia at the initial rate of HK$8,147.88 per share, subject to achieving an annualised investment return of not less than 25 per cent.

The fair values of the liability component and the equity conversion component were determined at issuance of the bond.

The fair value of the liability component, included in long-term liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves.

25. CONVERTIBLE BOND *(continued)*

The convertible bond recognised in the balance sheet is calculated as follows:

	RMB'000
Face value of convertible bond issued on 16 March 2005 (in HK$)	106,000
Less issue costs	(4,588)
Net proceeds	101,412
Equity component	(15,107)
Liability component in initial recognition at 16 March 2005	86,305
Interest expense (Note 6)	3,219
Interest payable	(1,546)
Liability component at 30 June 2005	87,978
Proceeds consisted of:	
Cash consideration	80,212
Repurchase of shares in Newasia (see non-cash transactions)	21,200
	101,412

Interest expense on the bond is calculated using the effective interest method by applying the effective interest rate of 12.79% to the liability component.

The fair value of the liability component of the convertible bond as at 30 June 2005 amounted to RMB91,351,377. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 11.537%.

26. COMMITMENTS

(a) *Capital commitments*

The Group had the following capital commitments:

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Contracted but not provided for		
— Research and development expenditure	**—**	39
— Purchase of construction-in-progress	**129,974**	213,751
— Purchase of land use rights	**—**	5,030
— Advertising	**4,026**	—
	134,000	218,820

(b) *Operating leases commitments*

The Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Within 1 year	**6,113**	6,113
After 1 year but within 5 years	**24,450**	24,450
After 5 years	**251,457**	257,570
	282,020	288,133

Operating leases relate to the lease of land on which the Group's two plantations in Hepu and Xinfeng County are situated. Both leases are for 50 years expiring in 2050 and 2052 respectively.

27. DIVIDENDS

No dividend has been declared or paid by the Company during the years ended 30 June 2004 or 2005.

28. RESERVES

As the Group has adopted merger accounting, the merger reserve reflects the investment of the Company less the share capital and share premium of subsidiary companies.

The capital reserve consists of amounts due to shareholders which have been capitalised.

29. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which were carried out in the normal course of the Group's business:

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Purchase of organic fertilisers:		
Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited	**15,405**	12,330
Weizhou Chaoda Microbe Organic Fertiliser Company Limited	**6,390**	4,481
	21,795	16,811
Management fee paid:		
Top Nation Shipping Limited	**617**	625

The directors are of the opinion that these transactions were conducted on normal commercial terms in the normal course of business at prices and terms not less than those charged to or contracted with other third parties.

	Year ended 30 June	
	2005	2004
	RMB'000	*RMB'000*
Advance of funds:		
Fuzhou Chaoda Modern Agriculture Development Company Limited	**12,500**	—

The advance of funds is unsecured, interest free and has no fixed term of repayment.

All of the above parties are controlled by entities that exert significance or control over the Company.

30. SIGNIFICANT SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 June 2005:

Within 10 days of Newasia becoming a subsidiary of the Company (on 29 June 2005), its convertible unsecured loan notes ("CULN") of HK$100,000,000 were exchanged for notes of the Company, issued with terms that protect the note holders' conversion rights. On 14 July 2005 the CULN were cancelled and new notes totalling HK$100,000,000 were issued by the Company with the same terms except for the conversion price of the CULN which is revised from HK$8,147.88 per share to HK$16.31 per share.

On 3 August 2005, the Company's shares were admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange. On the same date 9,072,813 new ordinary shares of HK$0.10 each were issued for the purposes of the placing and 1,703,049 new ordinary shares of HK$0.10 each were issued on conversion of HK$24,000,000 of the holding of the CULN in the Company.

On 8 August 2005, Newasia established a wholly-foreign owned entrerprise, Lucky Team Biotech Development (Zigui) Limited in Hubei Province in the PRC with registered share capital of US$2.1 million and total investment value of US$3.6 million.

31. PARENT AND ULTIMATE CONTROLLING PARTY

Up until the date of admission to AIM, the Directors regarded the Tong family as the ultimate controlling party, through their direct shareholding in Market Ahead, the parent of the Company. Since that date the Tong family has continued to be regarded as the ultimate controlling party, through its shareholding in Market Ahead.

32. INVESTMENTS

	RMB'000
As at 1 July 2004	—
Acquisition of subsidiary	5,300
As at 30 June 2005	**5,300**

The acquisition represents the entire share capital of Newasia Global Limited, which the Company acquired on 29 June 2005.

33. OTHER RECEIVABLES

	As at 30 June	
	2005	2004
	RMB'000	*RMB'000*
Amounts due from shareholders	—	106
	—	106

Amounts due from shareholders related to unpaid share capital in the Company, now paid.

34. SHARE CAPITAL

	Authorised, issued and fully paid ordinary shares of HK$0.10 each		
	No. of shares	*HK$'000*	*RMB'000*
Share capital as at 30 June 2005	50,000,000	5,000	5,300

On 29 June 2005 the Company issued 49,000,000 ordinary shares of HK$0.10 each to Market Ahead Investments Limited (24,990,000 shares) and Huge Market Investments Limited (24,010,000 shares), as part of the purchase consideration for the entire share capital of Newasia. The ordinary shares issued have the same rights as the other shares in issue.

See note 30 in respect of ordinary shares issued subsequent to the year end.

HISTORIC SUMMARY

	Years ended 30 June			
	2005	2004	2003	2002
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	**322,313**	275,208	183,880	133,953
Gains arising from changes in fair value of biological assets	**103,340**	10,034	42,468	32,110
Profit before tax	**269,778**	164,195	129,711	97,783
Tax	**(20,970)**	(12,380)	(9,788)	(3,365)
Profit after tax	**248,808**	151,815	119,923	94,418
Non current assets	**1,161,418**	837,041	669,658	542,882
Property, plant and equipment	**274,184**	206,373	217,155	157,516
Biological assets	**509,206**	402,148	389,399	346,792
Current assets	**90,760**	47,670	40,770	14,403
Total assets	**1,252,178**	884,711	710,428	557,285
Non current liabilities	**98,619**	20,208	7,828	—
Current liabilities	**63,071**	37,824	510,255	484,969
Capital and reserves	**1,090,488**	826,679	192,345	72,316

COMPANY INFORMATION

DIRECTORS

Mr Tong Wang Chow
Mr Tong Hung Wai, Tommy
Mr Cheung Wai Sun
Mr Pang Yi
Mr Ip Chi Ming
Mr Ma Chiu Cheung, Andrew
Mr Nicholas Smith
Dr Hon Lui Ming Wah, SBS JP
Mr Yang Zhen Han

SECRETARY

Sung Chi Keung

ASSISTANT SECRETARY

Ira Stuart Outerbridge III

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
Bermuda HM11

NOMINATED ADVISER AND BROKER

Evolution Securities Limited
100 Wood Street
London EC2V 7AN

FINANCIAL ADVISER AND BROKER

Evolution Securities China Limited
29-30 Cornhill
London EC3V 3ND

3606 Jin Mao Tower
88 Century Boulevard
Pudong New Area
Shanghai
200121
PRC

AUDITORS

CLB Littlejohn Frazer
1 Park Place
Canary Wharf
London E14 4HJ

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 second Annual General Meeting of the Company will be held at 9/F, 100 Wood Street, London EC2V 7AN, United Kingdom at 9:00 a.m. on 14 November 2005 for the purposes set out below.

ORDINARY BUSINESS:

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 2005.

2 To re-elect the Directors and to authorize the Directors to fix their remuneration; and

3 To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 30 June 2005 together with the report of the auditors; to apppoint Baker Tilly Hong Kong Limited and CCIF CPA Limited as joint auditors until the conclusion of the next general meeting at which accounts are laid before the Company and to authorize the Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolutions:

Special resolutions:

4 That in substitution for all existing authorities, the Directors be generally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) for cash pursuant to the authority conferred by paragraph 6 as if Section 89(1) of the Act did not apply to this allotment. This power:

4.1 expires at the conclusion of the annual general meeting of the Company to be held in 2006 or, if earlier, fifteen months after the date of the passing of this resolution (the "Expiry Date"), but the Company may before such expiry make an offer or agreement, which would or might require securities to be allotted after expiry of this authority and the Directors may allot equity securities in pursuance of that offer or agreement as if the power conferred hereby had not expired; and

4.2 is limited to:

4.2.1 allotments of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities representing fractional entitlements and to deal with legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory; and

4.2.2 allotments of equity securities otherwise than pursuant to sub-paragraph (7.2.1) up to an aggregate nominal amount equal to HK$303,879.31 (representing five per cent of the aggregate nominal value of the share in issue immediately following the date hereof.

5 That the Company be generally and unconditionally authorized for the purposes of section 166 of the Act to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares of HK$0.1 each in the capital of the Company ("Ordinary Shares") provided that:

5.1 the maximum aggregate number of Ordinary Shares hereby authorized to be purchased is 6,077,586 (representing ten per cent of the shares in issue immediately following the date hereof);

5.2 the minimum price which may be paid for an Ordinary Share is HK$0.1 per share;

5.3 the maximum price which may be paid for an ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;

5.4 the authority hereby conferred expires on the Expiry Date (as defined in resolution 4 above), unless such authority is renewed, varied or revoked prior to such time; and

5.5 the Company may make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or party after the expiry of the authority; and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By Order of the Board,

Sung Chi Keung
Company Secretary

12 October 2005

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. P.O. Box 82, the Pavilions, Bridgwater Road, Bristol BS99 7NH, 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 48 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 PLC. P.O. Box 82, the Pavilions, Bridgwater Road, Bristol BS99 7NH, United Kingdom, not less than 48 hours before the meeting.

3 CREST members who wish to appoint a proxy or proxies by utllising 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 (ID RA10) 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 95(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 With respect to resolution No. 2 of this notes, (i) Mr. Tong Wang Chow, (ii) Mr. Tong Hung Wai, Tommy and (iii) Mr. Cheung Wai Sun will retire from the office of directorship and will offer themselves for re-election in accordance with the Company's Bye-laws.

6 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. Ip Chi Ming, Mr. Ma Chiu Cheung, Andrew, Dr. Hon Lui Ming Wah, SBS JP, Mr. Yang Zhen Hon and Mr. Nicholas Smith.

7 Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, in order to be able to attend and vote at the AGM or any adjourned meeting (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the register of members of the Company by 6:00 pm on 12 November 2005 (or 6:00 pm on the date two days before any adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the 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.

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