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FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS (RMB MILLION)

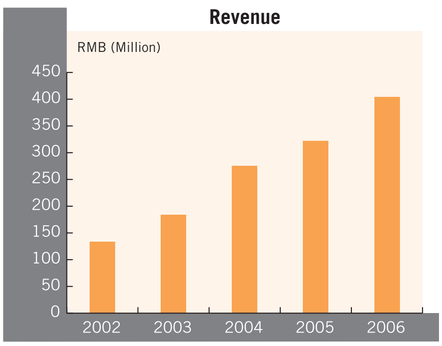
	For the year ended 30 June		
	2006	2005	% change
Revenue	**404.6**	322.3	+26
Gross profit	**272.9**	223.1	+22
EBITDA	**333.8**	287.9	+16
Profit from operations	**314.4**	273.0	+15
Profit before tax (before gains arising from change in fair value of biological assets)	**193.9**	166.4	+17
Profit attributable to shareholders	**257.9**	248.8	+4
Basic earnings per share (RMB)	**4.28**	4.98	-14
Diluted earnings per share (RMB)	**4.16**	4.87	-15
Dividend per share (RMB)	**0.62**	—	
Gross profit margin (%)	**67.4**	69.2	

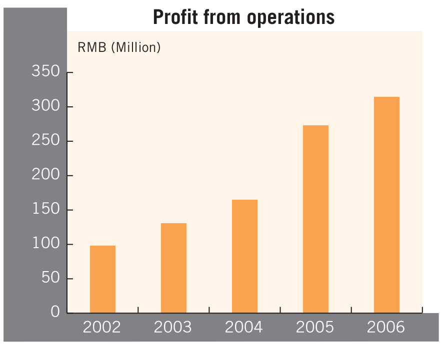
FINANCIAL POSITION (RMB MILLION)

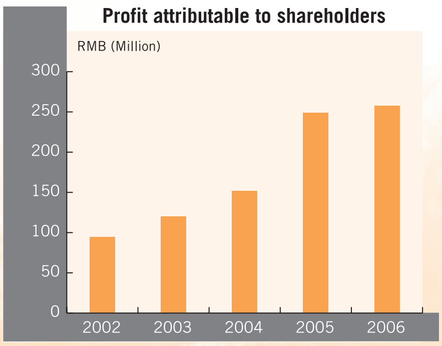
Total assets	**1,632.9**	1,252.2	+30
Net current assets	**76.3**	27.7	+175
Cash & bank balances	**103.2**	82.0	+26
Shareholders' funds	**1,505.6**	1,090.5	+38

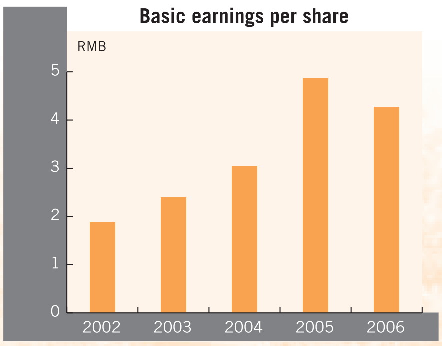
FINANCIAL RATIOS

Current ratio (x)	**2.42**	1.44
Asset turnover (x)	**0.25**	0.26
Return on assets (%)	**15.8**	19.9
Return on equity (%)	**17.1**	22.8









STRATEGIC OVERVIEW

I am pleased to report results for the year ended 30 June 2006. As the largest orange plantation owner and operator in China, we are leveraging our leading market standing to develop our position as a major supplier and trader of high quality oranges to both the wholesale and retail markets and to create more value for our shareholders.

In addition to the supplier contracts entered into with Guangxi Yonghao Supermarket Company Limited, the Group also supplied three other smaller supermarket chains in the Guangxi Zhuang Autonomous Region of China during the year. The total amount of oranges supplied to the supermarket chains was 12,096 tonnes, accounting for about 10.9% of the Group's total production. The Group is currently negotiating with other large supermarket chains and we are very confident that we will conclude more supermarket contracts in the near future. Sales of the Group's oranges to supermarket chains are expected to increase in the coming years and our target is to increase these sales from the current figure of around 11% of production to around 20% in 2007, with significant increase expected to come in the following years.

As stated in the interim report, the Group has established a subsidiary in the Hubei province of China to source produce from other farmers and we are in the process of gathering information about the availability of high quality oranges in this province. In order to secure further supplies to meet the potential increase in demand,the Group has also identified the Hunan province of China as another source of high quality oranges and is exploring co-operation opportunities with the local farmers and identifying potential acquisition targets within this province.

As announced on 1 September 2006, the Group is developing an orange processing centre including warehouses, refrigerated storage and a centre for cleaning, grading, packaging and waxing oranges ("Orange Processing Centre") as well as an agricultural trade and wholesale market focused on fruit together with ancillary serviced apartments of approximately 150,000 sq. metres in total in the Jiangxi province of China. The first phase consist of about 250 units, is scheduled for completion in the first quarter of 2007 with pre-sale commencing in November 2006. We expect the Group to derive many long term benefits from this project as it seeks to become the major supplier of high grade oranges in China. Asian Citrus will have first hand knowledge of some of the best orange growers in the region which should lead to excellent sourcing opportunities as demand grows. It will also give the Group access to new customers throughout China with interest in using this new market facility.

In addition to the fresh oranges business, we also see the opportunity for the Group to invest in value-added processed products where there is significant market demand and potential to build a profitable market position. As with to other developed countries in Europe and America, the demand for orange juice in China is increasing as a result of the improving quality of life in China. As a result, the Group is assessing the establishment of its own juicing business in order to meet the needs of the Chinese market. Details of any development in the juicing business will be announced after strategic planning has been completed.

OPERATING REVIEW

The Hepu Plantation is already fully developed with more than 1.2 million orange trees. The output from the Hepu Plantation was approximately 111,201 tonnes in the year to 30 June 2006 which represents an increase of approximately 15% over the previous year's production of 96,977 tonnes. The growth in production was mainly due to the following reasons: (1) increased maturity of the orange trees in the Hepu Plantation; (2) approximately 220,000 winter orange trees reached the fruit-bearing age and started to produce oranges in the year; and (3) more effective utilisation of resources.

CHAIRMAN'S STATEMENT

The Group continued to invest in the construction of the Xinfeng Plantation. We have spent RMB134.3 million in the development of the Xinfeng Plantation with 400,000 oranges trees planted during the year to bring the total number of trees to 1.2 million by the end of June 2006. We expect that another 400,000 oranges trees will be planted this year so that, by June 2007, the Xinfeng Plantation will be fully developed with 1.6 million orange trees. The total project cost for the Xinfeng Plantation is expected to be approximately RMB616 million. We will commence product trials at the Xinfeng Plantation in the winter of 2006 to ensure that we are achieving a high quality standard and formal production will start in the winter of 2007. We expect that the potential production capacity from the Xinfeng Plantation in the coming years will drive a step change in the Group's orange supply.

TRADING RESULTS

The Group's revenue was RMB404.6 million (2005: RMB322.3 million) in the year to 30 June 2006 which represents growth of 26%. This growth was achieved by an increase of approximately 15% in the Group's production combined with an increase in the average selling price of the oranges to both the wholesalers and supermarkets. Selling prices to the latter are, on average, 60% to 65% higher than sales to wholesalers. Sales to supermarkets accounted for approximately 16.1% of the Group's revenue and we expect that the proportion will continue to increase as the Group secures more supermarket contracts.

The gross margin dropped slightly from approximately 69% in the previous year to approximately 67% in the last 12 months despite the higher average selling prices. The decrease in the gross margin was a result of two factors: consumption of raw materials rose with higher production volume and increased production costs with unit costs of fertiliser and pesticide increased by around 20% to 25%. In addition to the increased production costs, sales to supermarkets also involved higher selling and distribution expenses as a result of the higher transportation and packaging costs. The cost of production increased from approximately RMB99.2 million in 2005 to approximately RMB131.7 million, an increase of approximately 33%. As a result of the tighter cost controls implemented by the Group, the average unit cost of production only increased by 16% to approximately 1.18 per Kg from approximately RMB1.02 per Kg in 2005.

USE OF PROCEEDS

Following the Company's listing on AIM and the placing of 9,072,813 new shares, the Group has raised net proceeds of approximately RMB108 million.

As at 30 June 2006, the net proceeds from the new issue have been utilised as follows:

- approximately RMB92.4 million for the development and expansion of the Xinfeng Plantation;
- approximately RMB1.0 million for the design and building of the processing and cold storage facilities; and
- approximately RMB14.6 million for advertising and brand building.

APPOINTMENT OF CHIEF SCIENTIST

Dr. Shaoke Wang ("Dr. Wang") was appointed as the Group's Chief Scientist with effect from 1 April 2006. Dr.Wang is a Faculty Affiliate of the Department of Soil and Crop Sciences at the Colorado State University, United States and has been a Chief Scientist and Acting Director of a large-scale new citrus farm of grapefruits, limes and oranges in Southern China before joining the Group. We believe that Dr. Wang will bring valuable experience and knowledge to the Group as a highly qualified research fellow with extensive experience in the citrus industry in China.

APPOINTMENT OF NEW ADVISERS

On 3 August 2006, JPMorgan Cazenove Limited ("JPMC") was appointed as the Company's sole financial adviser, nominated adviser and corporate broker. We are very pleased to have JPMC on board with its excellent reputation in the capital markets.

DIVIDENDS

With our strong financial position and cash flow, the Board recommends payment of a final dividend of RMB0.62 per share for the financial year ended 30 June 2006. This equates to 15% of earnings per share for the year ended 30 June 2006 which the Board views as a prudent level of payout to provide shareholders with a favourable cash return.

OUTLOOK

During the year we have made good progress in diversifying our sales channels by securing various direct supplier contracts with several supermarket chains in China. In the coming year, we will not only focus on achieving broader sales channels and getting greater market share, but will also look to expand the business into value added products to benefit from the significant market demand. We are very confident that Asian Citrus is developing on the right track that will maximise the considerable opportunities that are available to us. We have a clear strategy and leading market position and look forward to continuing our strong growth and delivering further value for our shareholders.

Tony Tong
Chairman

17 October 2006

OPERATING PERFORMANCE

Revenue

Sales revenue grew by 25.5% to RMB 404.6 million for the year ended 30 June 2006. By product mix, Summer Oranges continued to dominate and represented approximately 73.9% of total revenue for the year ended 30 June 2006, compared to approximately 72.4% for the year ended 30 June 2005. The breakdown of sales by types of produce is as follows:

	For the year ended 30 June			
	2006		2005	
Types of produce	**RMB'000**	**% of total revenue**	RMB'000	% of total revenue
Winter Oranges	**105,552**	**26.1%**	89,092	27.6%
Summer Oranges	**299,014**	**73.9%**	233,221	72.4%
Total	**404,566**	**100.0%**	322,313	100.0%

During the two years ended 30 June 2006, all of the Group's produce was sold domestically. The breakdown of sales by types of customers is as follows:

	For the year ended 30 June	
	2006	2005
Types of customers	**% of total revenue**	
Corporate customers	**41.9%**	40.3%
Wholesale customers	**38.3%**	41.7%
Supermarket chains	**16.1%**	—
Sole proprietors	**3.7%**	18.0%
Total	**100.0%**	100.0%

In previous years, the Group's customers could be divided into three categories, namely corporate customers, wholesale customers and sole proprietors. During the year ended 30 June 2006, the Group concluded several supplier contracts with certain regional supermarket chains. For the year ended 30 June 2006, the production volume and sales to supermarket chains represented approximately 10.9% and 16.1% of the Group's production volume and sales respectively. The sales to sole proprietors decreased from approximately 18.0% to 3.7% for the year ended 30 June 2006. This is consistent with Group's strategy of increasing our nationwide exposure through sales to large corporate customers, wholesale customers and supermarket chains.

Other income

The Group recorded a gain of RMB115 million from changes in the fair value of biological assets for the year ended 30 June 2006, compared to a gain of RMB103 million for the year ended 30 June 2005. Other income of approximately RMB5.2 million mainly arose from foreign exchange gains and gains on a change to certain terms of the convertible bonds.

Gross profit

The Group's overall gross profit increased by 22.3% to approximately RMB272.9 million for the year ended 30 June 2006 from a gross profit of approximately RMB223.1 million for the year ended 30 June 2005. The improvement in gross profit was the result of an increase in the production output of the Group's orange trees from a total of 96,977 tonnes to 111,201 tonnes and an increase in the average selling price of oranges partly due to the conclusion of higher margin supplier contracts with regional supermarket chains.

Despite the higher average selling price, the gross profit margin dropped slightly from 69.2% for the year ended 30 June 2005 to 67.4% for the year ended 30 June 2006 as a result of the higher unit cost of fertiliser and pesticides.

Cost of sales

Cost of sales principally consists of the costs of raw materials such as fertilisers, packaging materials, pesticides and other direct costs such as direct labour and production overheads including rentals, depreciation of property, plant and equipment and other production overheads. The breakdown of cost of sales is as follows:

	For the year ended 30 June			
	2006		2005	
Cost of sales	**RMB'000**	**% of Cost of sales**	RMB'000	% of Cost of sales
Inventories used				
Fertilisers	**53,734**	**40.8%**	34,286	34.5%
Packaging materials	**32,848**	**24.9%**	27,647	27.9%
Pesticides	**16,289**	**12.4%**	11,169	11.2%
	102,871	**78.1%**	73,102	73.6%
Production overheads				
Direct labour	**11,913**	**9.1%**	10,687	10.8%
Depreciation	**11,758**	**8.9%**	11,203	11.3%
Others	**5,117**	**3.9%**	4,221	4.3%
Total	**131,659**	**100.0%**	99,213	100.0%

Effective cost controls helped the Group to mitigate rises in production costs which increased from approximately RMB99.2 million for the year ended 30 June 2005 to approximately RMB131.7 million for the year ended 30 June 2006, an increase of approximately 32.8%. The increase in production costs was principally due to the increase in raw materials utilised for higher production volumes and the higher unit costs of fertilisers and pesticides. As a result, the average unit cost of oranges increased from approximately RMB1.02 per kg for the year ended 30 June 2005 to approximately RMB1.18 per kg for the year ended 30 June 2006.

Other operating expenses

Selling and distribution expenses mainly comprise sales commissions, advertising, salaries and welfare of sales personnel, traveling and transportation expenses. The selling and distribution expenses of the Group increased from approximately RMB18.8 million for the year ended 30 June 2005 to approximately RMB21.8 million for the year ended 30 June 2006, representing an increase of 16.0%. The increase was primarily due to the increase in sales commission of approximately RMB1.9 million as a result of the increase in revenue. In addition, transportation costs increased by approximately RMB0.9 million from 2005 as the Group concluded several supplier contracts with regional supermarket chains.

General and administrative expenses comprise mainly salary and welfare expenses, office administration expenses, depreciation, amortisation, research costs. The general and administrative expenses of the Group were approximately RMB57.0 million, representing an increase of approximately RMB23.1 million or 68.1% over the previous year. This increase was mainly attributable to the increase of RMB 10.2 million in Directors' and senior management remunerations needed to strengthen the Group's corporate governance and management resources. The Group recognised approximately RMB2.2 million of employee share option benefits during the year as a result of the granting of employee share options to a director and certain employees. Research costs have increased by approximately RMB3.7 million since 2005 as the Group continued to conduct its own research and development program to maintain the high standard of cultivation and plantation base management techniques. In addition, depreciation and advertising expenses for the Xinfeng Plantation, increased by RMB4.8 million and RMB5.0 million respectively.

Profit

Pre-tax profit was approximately RMB308.9 million for the year ended 30 June 2006, representing an increase of 14.5% as compared to 2005. The profit attributable to shareholders for the current year increased to approximately RMB257.9 million, compared to approximately RMB248.8 million from last year.

PRODUCTIVITY

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

	For the year ended 30 June			
	2006		2005	
Types of produce	**Tonnes**	**% of total output**	Tonnes	% of total output
Winter Oranges	**40,604**	**36.5%**	35,924	37.0%
Summer Oranges	**70,597**	**63.5%**	61,053	63.0%
Total	**111,201**	**100%**	96,977	100%

The production volume of Winter Oranges and Summer Oranges increased from 35,924 tonnes and 61,053 tonnes for the year ended 30 June 2005 to 40,604 tonnes and 70,597 tonnes for the year ended 30 June 2006, representing an increase of approximately 13.0% and 15.6% respectively.

FINANCIAL PERFORMANCE

	As at 30 June	
	2006	2005
Current ratio (x)	**2.42**	1.44
Quick ratio (x)	**2.21**	1.43
Asset turnover (x)	**0.25**	0.26
Net debt to equity (%)	**Net cash**	0.55

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity

The Group's liquidity remained healthy with sufficient reserves for both operation and development. The current ratio of the Group was 2.42x in 2006 compared to 1.44x in 2005 while the quick ratio was 2.21x in 2006 compared to 1.43x in 2005. Both ratios were bolstered by cash inflows from the Group's operation and the placement of 9,072,813 new shares, which raised net proceeds of approximately RMB108 million.

Profitability

The asset turnover of the Group maintained at 0.25x in 2006 compared to 0.26x in 2005.

Debt ratio

Following the placement of new shares in August 2005, the Group's was in a net cash position as at 30 June 2006.

Internal cash resource

The Group's major internal cash resource is its cash and bank balances. As at 30 June 2006, the Group's cash and bank balances were recorded at RMB103.2 million. The Group did not have any outstanding bank borrowings as at 30 June 2006 and the only outstanding borrowings were the convertible bonds.

Bank facilities

The Group is negotiating with certain banks for facilities to meet its future investments for expansion.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

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

Mr. Tong Wang Chow, aged 67, 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 the Honorary Consul of Mongola in the HKSAR and a member of China Citrus Society.

Mr. TONG Hung Wai, Tommy, *Executive Director*

Mr. Tong Hung Wai, Tommy, aged 37, 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, *Executive Director*

Mr. Cheung Wai Sun, aged 48, 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, *Executive Director*

Mr. Pang Yi, aged 37, 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, *Non-Executive Vice Chairman*

Mr. Ip Chi Ming, aged 45, 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, *Non-Executive Director, the chairman of the audit committee and a member of the remuneration committee*

Mr. Ma Chiu Cheung, Andrew, aged 64, 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, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Taxation Institute of Hong Kong. He was formerly the president of the Hong Kong Federation of Youth Groups and vice-president of Hong Kong Chiu Chow Chamber of Commerce Limited. He is currently an independent non-executive director of Tanrich Finance Holdings Limited, the People's Insurance Company of China (Hong Kong) Limited, Asia Financial Holdings Limited, Peaktop International Holdings Limited and C.P. Pokphand Co. Ltd. He is also the Honorary Consul of the Republic of Cote d'Ivoire in the HKSAR.

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

Dr. Hon Lui Ming Wah, SBS JP, aged 68, joined the Group in June 2004. He is an industrialist serving as the honorary chairman of the Hong Kong Electronic Industries Association and the honorary 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 the council of the Hong Kong Polytechnic University, Vice Chairman of the Hong Kong Independent Police Complaints Council and an Advisor 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

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

Mr. Yang Zhen Han, aged 74, joined the Group in June 2004. Mr. Yang obtained a bachelor's degree in chemical engineering from Shanghai Jiao-Tong University in 1953. Mr. Yang is a machine-building specialist with over 30 years of experience. Mr. Yang was a director of the Foreign Economic Relations and Trade Commission of Shanghai Municipality, responsible for the international trade and foreign investment affairs of Shanghai City from 1983 to 1985. Mr. Yang is a member of Guangzhou Political Consultation Conference.

Mr. Nicholas SMITH, *Non-Executive Director, the chairman of the remuneration committee and a member of the audit committee*

Mr. Nicholas Smith, aged 54, 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.

Hon Peregrine MONCREIFFE, *Non-Executive Director*

Hon Peregrine Moncreiffe, 54, joined the Group in February 2006 as a Non-Executive Director. Mr. Moncreiffe was a graduate of Oxford University and has spent much of his career in investment management and banking in London, New York and East Asia. Mr. Moncreiffe has worked for Credit Suisse First Boston and was the managing director of Lehman Brothers in New York before helping to found Buchanan Partners, a London based investment company of which he was chief executive.

SENIOR MANAGEMENT

Mr. LIU Geng Feng, aged 66, 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 48, 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 42, 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 43, joined the Group in March 2000 and is the executive controller of the Xinfeng Plantation. Mr. Zhong graduated from the Zhanjiang Agriculture Professional School specialising in fruits tree management. Mr. Zhong 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 32, 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 31, is the chief financial officer 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 and a master degree in corporate finance from the Hong Kong Polytechnic University. 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 eight 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.

Dr. WANG Shao Ke, aged 54, is the Chief Scientist of the Group with effect from 1 April 2006. Dr. Wang is a Faculty Affiliate of the Department of Soil and Crop Sciences at the Colorado State University, United States. He has been a Chief Scientist and Acting Director of China Agricultural Development (Hong Kong) Ltd. since 1997, which has developed a large-scale new citrus farm of grapefruits, limes, oranges and many new healthy crops in Southern China. Dr. Wang has been active in the international scientific activities. He was appointed by the International Barley Genetic Committee as an International Coordinator for the barley Chromosome 2 from 1990 to 1992. He has also published numerous papers in the scientific Journals of United States, Germany, Canada, Japan, Italy and China. He is an Honorary Professors of the Inner-Mongolian Academy of Agricultural Sciences and the Xinjiang Academy of Agricultural Sciences in China. He has been invited to China to lecture and give scientific advice during the past 15 years.

DIRECTORS' REPORT

The Directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

Detailed reviews of activities, business development and projects are included within the Chairman's Statement and the Management Discussion & Analysis on page 3 to 9.

RESULTS

The profit attributable to shareholders for the year is set out in the Consolidated Income Statement on page 28.

DIVIDENDS

The Directors are pleased to recommend that a final dividend of RMB0.62 (equivalent to approximately £4.2p) per share will be paid in sterling on or before 29 December 2006, subject to the approval of the forthcoming annual general meeting. The translation of RMB into sterling is made at the exchange rate of £1=RMB14.779 as at 30 June 2006 for illustration purpose only. The actual translation rate for the purpose of dividend payment in sterling will be referenced to exchange rate on 1 December 2006.

The register of members of the Company will be closed on 1 December 2006. Only shareholders that appear on the register on that date will be qualified for the proposed final dividend.

DIRECTORS

The names of the Directors are set out below:

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

No Directors resigned during the year ended 30 June 2006.

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

This year, in accordance with the Company's Bye laws, Mr. Ip Chi Ming, Dr. Hon Lui Ming Wah, SBS JP and Mr. Yang Zhen Han will retire at the forthcoming annual general meeting of the Company and all of them, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

Director	As at 30 June 2006 Ordinary shares	As at 30 June 2006 Share options at exercise price of 112 pence
Mr. Tong Wang Chow*	19,380,000	—
Mr. Tong Hung Wai, Tommy*	1,530,000	—
Mr. Cheung Wai Sun	—	—
Mr. Pang Yi	—	150,000
Mr. Ip Chi Ming	—	—
Mr. Ma Chiu Cheung, Andrew	—	—
Dr. Hon Lui Ming Wah, SBS JP	—	—
Mr. Yang Zhen Han	—	—
Mr. Nicholas Smith	40,000	—
Hon Peregrine Moncreiffe	—	—

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

On 27 July 2006, the Company granted options over ordinary shares in the Company at an exercise price of 204.5 pence to the Directors below:

Directors	Share options
Mr. Tong Wang Chow	150,000
Mr. Tong Hung Wai, Tommy	55,000
Mr. Cheung Wai Sun	45,000
Mr. Pang Yi	120,000

On 10 August 2006, 15,000 new ordinary shares of HK$0.10 each were issued to Mr. Pang Yi upon exercise of 15,000 share options at an exercise price of 112 pence.

Full details of Directors' service contracts, remuneration and share option interests can be found in the Remuneration Report on page 19.

SUBSTANTIAL SHAREHOLDINGS

As at 17 October 2006, the latest practicable date prior to the publication of this report, the Company's share registrar recorded the following shareholdings in excess of 3% of the ordinary share capital:

Shareholder	Number of shares	% of issued capital
Market Ahead Investments Limited	25,500,000	40.92
Huge Market Investments Limited	24,500,000	39.31

THE BOARD OF DIRECTORS

The Board is comprised of four Executive Directors and six Non-Executive Directors. 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 forecasts and budgets, 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 and which are listed below.

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

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

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

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group 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 are undertaken to ensure that they are adequate and effective.

DIRECTORS' REPORT

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 Group had adequate resources to continue operation for the foreseeable future. For this reason, the Directors have adopted the going concern basis in the preparation of the financial statements.

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 and interim reports, which will be sent to all shareholders. Market sensitive information is regularly released to all shareholders concurrently in accordance with the AIM Rules. The annual general meeting will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The corporate website contains information of the Group which is regularly updated with all announcements posted.

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

POST-BALANCE SHEET EVENTS

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

ANNUAL GENERAL MEETING

The notice of the Company's annual general meeting will be distributed to shareholders together with the Annual Report. Full details of the resolutions proposed at the meeting can be found in the Notice of Annual General Meeting on page 72.

AUDITORS

CLB Littlejohn Frazer retired and Baker Tilly Hong Kong Limited and CCIF CPA Limited were appointed as the joint auditors of the Company at the annual general meeting of the Company held on 14 November 2005. Save as disclosed above, there have been no changes of the auditors of the Company during the past three years.

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

A resolution for the re-appointment of Baker Tilly Hong Kong Limited and CCIF CPA Limited as joint auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Tong Wang Chow
Director

Cheung Wai Sun
Director

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

COMPOSITION AND ROLE OF REMUNERATION COMMITTEE

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

The committee determines and agrees with the Board on the framework and policy of Directors' and senior executives' remuneration. The committee is responsible for the implementation of the policy.

FRAMEWORK AND POLICY ON REMUNERATION

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

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

BASIC SALARY AND BENEFITS

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

REMUNERATION REPORT

CONTRACTS OF SERVICE

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

Executive Director	Title	Date of service agreement	Remuneration per annum
Mr. Tong Wang Chow	Chairman and Chief Executive Officer	1 July 2005	HK$1,300,000
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, details of which are set out below:

Non-Executive 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, SBS JP	1 July 2005	3	HK$240,000
Mr. Yang Zhen Han	1 July 2005	3	HK$240,000
Mr. Nicholas Smith	1 July 2005	3	GBP31,000
Hon Peregrine Moncreiffe	1 February 2006	3	HK$240,000

EMOLUMENTS OF DIRECTORS

The emoluments of Directors serving during the year ended 30 June 2006 are disclosed below:

	Salaries, bonus and benefits From 1 July 2005 to 30 June 2006 RMB'000
Executive Directors	
Mr. Tong Wang Chow	1,352
Mr. Tong Hung Wai, Tommy	859
Mr. Cheung Wai Sun	676
Mr. Pang Yi	967
Non-Executive Directors	
Mr. Ip Chi Ming	676
Mr. Ma Chiu Cheung, Andrew	438
Dr. Hon Lui Ming Wah, SBS JP	229
Mr. Yang Zhen Han	229
Mr. Nicholas Smith	451
Hon Peregrine Moncreiffe	106

SHARE OPTION PLAN

The Company's Share Option Plan (the "Plan"), is established for the primary purpose of providing incentives to directors and eligible employees.

The total number of shares in respect of which options may be granted under the Plan is not permitted to exceed 10% of the shares of the Company from time to time.

On 25 July 2005, 1,155,000 share options were granted to a director and certain employees at an exercise price of 112 pence. The options will normally vest and become exercisable annually at the rate of 10% over 10 years, subject to continuing employment. No consideration was paid for the granting of the options. All options were issued upon the Company being admitted to AIM on 3 August 2005.

REMUNERATION REPORT

The Company has granted options over ordinary shares in the Company at an exercise price of 112 pence to the following Director:

	No of options
Mr. Pang Yi	150,000

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

The Company granted options over ordinary shares in the Company at an exercise price of 204.5 pence to the following Directors:

	No of options
Mr. Tong Wang Chow	150,000
Mr. Tong Hung Wai, Tommy	55,000
Mr. Cheung Wai Sun	45,000
*Mr. Pang Yi	120,000

* *Options in respect of this individual are only subject to continuing employment*

On 10 August 2006, 15,000 new ordinary shares of HK$0.10 each were issued to Mr. Pang Yi upon exercise of 15,000 share options at an exercise price of 112 pence.

The Remuneration Committee has approved the Remuneration Report.

By order of the Board

Nicholas Smith
Chairman of the Remuneration Committee

17 October 2006

The Board has given consideration to the Combined Code of Corporate Governance (the "Code") issued by the London Stock Exchange ("LSE"). Although companies with shares traded on the AIM of the LSE are neither required to provide corporate governance disclosure nor follow guidelines listed in its Code, the Board ensures proper standards of corporate governance practicable and appropriate for the nature and size of the Group.

BOARD COMPOSITION

The Board is comprised of four Executive Directors and six Non-Executive Directors. 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-marking process.

Mr. Tong Wang Chow, Executive Chairman, also acts as Chief Executive Officer. In compliance with the Code, the Company intends, as soon as is practicable, 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 in due course.

BOARD MEETINGS

During the year ended 30 June 2006, there were 9 Board Meetings held by the Company. The attendance records of each of Director are as followings:

Director	**Number of Board Meetings attended**	**Attendance rate**
Mr. Tong Wang Chow	9 out of 9	100%
Mr. Tong Hung Wai, Tommy	9 out of 9	100%
Mr. Cheung Wai Sun	8 out of 9	89%
Mr. Pang Yi	8 out of 9	89%
Mr. Ip Chi Ming	8 out of 9	89%
Mr. Ma Chiu Cheung, Andrew	8 out of 9	89%
Dr. Hon Lui Ming Wah, SBS JP	4 out of 9	44%
Mr. Yang Zhen Han	5 out of 9	56%
Mr. Nicholas Smith	7 out of 9	78%
Hon Peregrine Moncreiffe	0 out of 5	—

Note: Hon Peregrine Moncreiffe was appointed as Non-Executive Director effective from 1 February 2006.

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

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

This year, in accordance with the Company's Bye laws, Mr. Ip Chi Ming, Dr. Hon Lui Ming Wah, SBS JP and Mr. Yang Zhen Han will retire at the forthcoming annual general meeting of the Company and all of them, being eligible, offer themselves for re-election.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that 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.

COMMITTEES

The Board has formally established a number of committees and agreed upon their terms of reference. The committees are:

Audit committee

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

Remuneration committee

The role of the Remuneration committee and its membership are set out in the Remuneration Report on page 19.

Nomination committee

The Directors do not consider that, given the size of the Board, it is appropriate to have a nomination committee. However, this will be kept under regular review by the Board.

By order of the Board

Tong Wang Chow
Director

Cheung Wai Sun
Director

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Certified Public Accountants
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CCIF
CCIF CPA LIMITED
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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ASIAN CITRUS HOLDINGS LIMITED

We have audited the accompanying consolidated financial statements of Asian Citrus Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 30 June 2006 which comprise the consolidated income statement, consolidated balance sheet, the balance sheet, consolidated statement of changes in equity and consolidated cash flow statement for the year ended 30 June 2006, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

BASIS OF AUDIT OPINION

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of the Company's and Group's affairs as at 30 June 2006 and of the Group's results, cash flows and changes in equity for the year then ended in accordance with the basis of preparation set out in note 2 and have been properly prepared in accordance with International Financial Reporting Standards.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Andrew David Ross
Practising Certificate Number P0118
Hong Kong, 17 October 2006

CCIF CPA Limited
Certified Public Accountants

Chan Wai Dune, Charles
Practising Certificate Number P00712
Hong Kong, 17 October 2006

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 *RMB'000*	2005 *RMB'000*
Revenue	5	**404,566**	322,313
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	18	**115,000**	103,340
Other income	6	**5,237**	25
		524,803	425,678
Inventories used	8	**(113,008)**	(85,424)
Staff costs	8	**(26,479)**	(13,131)
Depreciation	8	**(17,273)**	(11,764)
Other operating expenses	8	**(53,675)**	(41,572)
Write-off of biological assets	18	**—**	(782)
Profit from operations		**314,368**	273,005
Interest income		**2,755**	348
Finance expenses	9	**(7,145)**	(3,575)
Net finance costs		**(4,390)**	(3,227)
Share of loss of associates	21	**(1,115)**	—
Profit from ordinary activities before income tax		**308,863**	269,778
Income tax expenses	10	**(50,937)**	(20,970)
Profit attributable to shareholders		**257,926**	248,808
Earnings per share			
Basic earnings per share	11	**RMB4.28**	RMB4.98
Diluted earnings per share	11	**RMB4.16**	RMB4.87
Dividends	14	**38,637**	—

The accounting policies and notes on pages 35 to 69 form part of these financial statements

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 RMB'000	2005 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**538,907**	274,184
Land use rights	16	**62,742**	55,372
Construction-in-progress	17	**257,147**	315,656
Biological assets	18	**628,206**	509,206
Deferred development costs	19	**10,500**	7,000
Interests in associates	21	**5,335**	—
		1,502,837	1,161,418
Current assets			
Properties under development	22	**10,355**	—
Inventories	23	**1,168**	839
Other receivables		**15,347**	7,906
Cash and bank balances		**103,174**	82,015
		130,044	90,760
Total assets		**1,632,881**	1,252,178
EQUITY AND LIABILITIES			
Equity			
Issued capital	27	**6,569**	5,300
Reserves		**1,499,080**	1,085,188
		1,505,649	1,090,488
Non-current liabilities			
Deferred tax liabilities	10	**25,983**	10,641
Convertible bonds	28	**47,528**	87,978
		73,511	98,619

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 RMB'000	2005 RMB'000
Current liabilities			
Trade payables and accrued expenses		**18,958**	7,051
Due to related parties	24	**4,260**	14,600
Due to shareholders	25	**—**	1,168
Due to ultimate holding company	26	**—**	9,715
Income tax payables	10	**30,503**	30,537
		53,721	63,071
Total liabilities		**127,232**	161,690
Total equity and liabilities		**1,632,881**	1,252,178

Approved by the Board on 17 October 2006 and signed on its behalf.

Tong Wang Chow
Director

Cheung Wai Sun
Director

The accounting policies and notes on pages 35 to 69 form part of these financial statements

BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 RMB'000	2005 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,365**	—
Investments in subsidiaries	20	**194,544**	4,681
		195,909	4,681
Current assets			
Other receivables		**53**	—
Cash and bank balances		**28,223**	—
		28,276	—
Total assets		**224,185**	4,681
EQUITY AND LIABILITIES			
Equity			
Issued capital	27	**6,569**	5,300
Reserves		**168,101**	(842)
		174,670	4,458
Non-current liabilities			
Convertible bonds	28	**47,528**	—
Current liabilities			
Accrued expenses		**1,987**	223
Total liabilities		**49,515**	223
Total equity and liabilities		**224,185**	4,681

Approved by the Board on 17 October 2006 and signed on its behalf.

Tong Wang Chow
Director

Cheung Wai Sun
Director

The accounting policies and notes on pages 35 to 69 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Retained profit RMB'000	Total RMB'000
Balance as at 1 July 2005		5,300	—	(4,473)	—	497,626	592,035	1,090,488
Issue of new shares	27	944	145,001	—	—	—	—	145,945
Issuing costs		—	(39,704)	—	1,408	—	—	(38,296)
Change of terms of convertible bonds	28	—	—	—	—	7,790	—	7,790
Conversion of convertible bonds	28	304	45,007	—	—	(8,984)	—	36,327
Employee share option benefits	30	—	—	—	2,207	—	—	2,207
Issue of new shares upon exercise of share options	30	21	4,045	—	(804)	—	—	3,262
Consolidated profit for the year		—	—	—	—	—	257,926	257,926
Balance as at 30 June 2006		**6,569**	**154,349**	**(4,473)**	**2,811**	**496,432**	**849,961**	**1,505,649**

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	Retained profit RMB'000	Total RMB'000
Balance as at 1 July 2004	106	—	827	—	482,519	343,227	826,679
Issue of new 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 a subsidiary	—	—	(5,300)	—	—	—	(5,300)
Issue of convertible bonds	—	—	—	—	15,107	—	15,107
Consolidated profit for the year	—	—	—	—	—	248,808	248,808
Balances as at 30 June 2005	5,300	—	(4,473)	—	497,626	592,035	1,090,488

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	For the year ended 2006 RMB'000	2005 RMB'000
Cash flows from operating activities			
Profit from ordinary activities before income tax		**308,863**	269,778
Unrealised exchange gain		**(1,137)**	—
Interest income		**(2,755)**	(348)
Finance expenses	9	**7,145**	3,575
Depreciation	15	**17,273**	11,764
Employee share option benefits	8	**2,207**	—
Amortisation of land use rights	16	**1,284**	1,096
Amortisation of deferred development costs	19	**2,000**	2,000
Gain on change of terms of convertible bonds	6	**(1,537)**	—
Loss on disposals of property, plant and equipment	8	**404**	—
Revaluation gain on biological assets	18	**(115,000)**	(103,340)
Share of loss of associates	21	**1,115**	—
Write off of biological assets		**—**	782
Operating profit before changes in working capital		**219,862**	185,307
Increase in inventories		**(329)**	(587)
(Increase)/decrease in other receivables		**(7,441)**	20,276
Increase in properties under development		**(10,355)**	—
Increase in trade payables and accrued expenses		**4,294**	47
Increase/(decrease) in due to related parties		**2,160**	(1,457)
Cash generated from operations		**208,191**	203,586
Income tax paid	10	**(35,629)**	—
Net cash inflow from operating activities		**172,562**	203,586
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(2,437)**	(411)
Additions to land use rights	16	**(8,654)**	(26,600)
Construction-in-progress paid		**(213,220)**	(204,262)
Purchases of biological assets	18	**(4,000)**	(4,500)
Payments of deferred development costs	19	**(5,500)**	—
Investments in associates		**(38)**	—
Interest received		**2,755**	348
Net cash used in investing activities		**(231,094)**	(235,425)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	**2006**	2005
		RMB'000	*RMB'000*
Cash flows from financing activities			
Proceeds from issue of new shares in subsidiaries		**—**	21,200
(Repayments to)/advances from related parties		**(12,500)**	12,500
(Repayments to)/advances from shareholders		**(1,168)**	1,168
Advances to an associate		**(6,412)**	—
Issue of convertible bonds		**—**	80,212
Repayments of short-term bank loans		**—**	(20,000)
Repayments to ultimate holding company		**(9,715)**	—
Proceeds from issue of new shares		**145,945**	—
Issuing costs paid		**(38,296)**	—
Proceeds from issue of new shares upon exercise of share options		**3,262**	—
Finance expenses paid		**(1,425)**	(356)
Net cash inflow from financing activities		**79,691**	94,724
Net increase in cash and cash equivalents		**21,159**	62,885
Cash and cash equivalents at beginning of year		**82,015**	19,130
Cash and cash equivalents at end of year		**103,174**	82,015

Non-cash transactions

(a) On 3 August 2005, 1,703,049 new ordinary shares of HK$0.10 each were issued to a holder of the convertible bonds upon conversion of part of convertible bonds with nominal value of HK$24,000,000.

(b) On 25 July 2005, the Company granted 1,155,000 options at an exercise price of 112 pence per share to a director and certain employees under the employee share option plan. All options were issued when the shares of the Company were admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange on 3 August 2005. The fair value of options, vested during the year ended 30 June 2006, amounting to RMB2,207,000, was accounted for as share option reserve.

(c) On 27 July 2005, the Company granted 350,000 options at an exercise price of 112 pence per share to Evolution Securities China Limited ("ESCL") as a corporate finance fee and commission pursuant to the placing agreement. All options were issued when the shares of the Company were admitted to trading on AIM on 3 August 2005. The fair value of those options amounting to RMB1,408,000, was accounted for as share option reserve.

(d) On 3 February 2006, 1,226,087 ordinary shares of HK$0.10 each were issued to one of the holders of the convertible bonds, upon conversion of a convertible bond with nominal value of HK$20,000,000.

(e) During the year, additions to construction-in-progress amounting to RMB8,234,000 were credited to accrued expenses as these have not yet been paid as at 30 June 2006.

(f) Interest payable of RMB785,000 has been debited to the liability component of convertible bonds and credited to accrued expenses as this has not yet been paid as at 30 June 2006.

1 GROUP REORGANISATION

Asian Citrus Holdings Limited (the "Company") was incorporated on 4 June 2003 as a limited liability company under the jurisdiction of Bermuda. The shares of the Company have been admitted to trading on the AIM of the London Stock Exchange since 3 August 2005.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, Bermuda HM11. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the planting, cultivation and selling of agricultural products. The Group is developing an orange processing centre including warehouse, refrigerated storage and a centre for cleaning, grading, packaging and waxing oranges as well as an agricultural trade and wholesale market focused on fruits together with ancillary serviced apartments in the Xinfeng county of Jiangxi province.

In preparation for the admission of the Company's shares to AIM, the Company has undergone a group reorganisation (the "Reorganisation") on 29 June 2005 pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the Company's AIM admission documents dated 28 July 2005.

Pursuant to the Reorganisation, the Group is regarded as a continuing entity. Accordingly, the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement of the Group as set out on pages 28 to 34, have been prepared as if the Company was in existence and had wholly owned each subsidiary since 1 July 2001 or since their respective date of incorporation.

1 GROUP REORGANISATION *(continued)*

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

	Place of Incorporation	Date of Incorporation
Newasia Global Limited ("Newasia")	British Virgin Islands ("BVI")	2 December 1997
Lucky Team Biotech Development (Hepu) Limited ("Lucky Team (Hepu)")	People's Republic of China ("PRC")	11 April 2000
Litian Biological Science & Technology Development (Xinfeng) Company Limited ("Litian Xinfeng")	PRC	21 November 2002
Asian Citrus Management Company Limited	BVI	18 June 2003
Asian Citrus (H.K.) Company Limited	Hong Kong	13 October 2004
Access Fortune Investment Limited	BVI	18 July 2005
Raised Energy Investment Limited	BVI	18 July 2005
Lucky Team Biotech Development (Zigui) Limited ("Lucky Team (Zigui)")	PRC	8 August 2005
Lucky Team Agriculture Development Limited ("Lucky Team Agriculture Development")	PRC	7 March 2006
Lucky Team Industrial (Ganzhou) Company Limited ("Lucky Team (Ganzhou)")	PRC	22 March 2006

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRICs") that remain in effect, and comply with the AIM Rules issued by the London Stock Exchange.

During the year, the Group has applied, for the first time, a number of new IFRSs, IASs and Interpretations (hereinafter collectively referred to as "new IFRSs") issued by the IASB that are effective for accounting periods beginning on or after 1 January 2005, which had not been early adopted by the Group for the year ended 30 June 2005. The application of the new IFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new IFRSs has had no material effect on how the results for the current or prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been made.

The principal accounting policies used in the preparation of the financial statements are consistent with those used in the audited financial statements for the year ended 30 June 2005.

At the date of authorisation of these consolidated financial statements, the following new IFRS, amendments and interpretations were in issue but not yet effective:

IAS 1 (Amendment)	(Note a)	Capital Disclosures
IAS 19 (Amendment)	(Note b)	Actuarial Gains and Losses, Group Plans and Disclosures
IAS 21 (Amendment)	(Note b)	Net Investment in Foreign Operation
IAS 39 (Amendment)	(Note b)	Cash Flow Hedges of Forecast Intragroup Transactions
IAS 39 (Amendment)	(Note b)	The Fair Value Option
IAS 39 and IFRS 4 (Amendments)	(Note b)	Financial Guarantee Contracts
IFRS 6	(Note b)	Exploration for and Evaluation of Mineral Resources
IFRS 7	(Note a)	Financial instruments: Disclosures
IFRIC 4	(Note b)	Determining whether an Arrangement contains a Lease
IFRIC 5	(Note b)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation
IFRIC 6	(Note c)	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic
IFRIC 7	(Note d)	Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary
IFRIC 8	(Note e)	Scope of IFRS 2
IFRIC 9	(Note f)	Reassessment of Embedded Derivatives

Note a: effective for annual periods beginning on or after 1 January 2007
Note b: effective for annual periods beginning on or after 1 January 2006
Note c: effective for annual periods beginning on or after 1 December 2005
Note d: effective for annual periods beginning on or after 1 March 2006
Note e: effective for annual periods beginning on or after 1 May 2006
Note f: effective for annual periods beginning on or after 1 June 2006

The Directors anticipate that the adoption of these IFRSs amendments and interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified by the measurement in the fair value of biological assets and certain financial instruments. The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended 30 June 2006 and the Group's share of the results of its associates.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

b) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Associates *(continued)*

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

d) Property, plant and equipment

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

Depreciation is calculated using the straight-line method, to write off the cost of each asset over its estimated useful life on the following principal annual rates:

Buildings	2.22% to 3.57%
Leasehold improvements	3.33%
Leasehold 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.

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

e) Land use rights

The up-front prepayments made for the land use rights are expensed in the consolidated income statement on a straight-line basis over the period of the lease, which is 50 years, or where there is impairment, the impairment is expensed in the consolidated income statement. In prior years, land use rights are stated at their costs and amortised over the period of the respective leases.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) 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.

g) Construction-in-progress

Construction-in-progress is stated at cost which includes all construction costs less accumulated impairment losses. It is not depreciated until completion of construction. The cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

h) 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 tress and immature seedlings with similar size, species and age or alternative estimates of fair values. Management reviews the progress of infant trees and immature seedlings on an ongoing basis and should these be deemed to be unsuitable for further cultivation, full provision is made at that time.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Translation of foreign currencies

The functional and presentational currency of the Group is RMB, the currency of the People's Republic of China.

Foreign currency transactions during the year are translated into RMB at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into RMB 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 RMB 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 RMB at the average exchange rates for the year; balance sheet items are translated into RMB at the rates of exchange ruling at the balances sheet date. The resulting exchange differences are dealt with as movement in reserves.

j) Employee benefits

Employee retirement benefits

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

Share-based payment

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k) Other receivables

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

l) Inventories

Inventories comprising agricultural materials, consumables and packing materials 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.

m) Properties under development

Properties under development are stated at the lower of cost and estimated net realisable value. Estimated net realisable value represents the estimated selling price less estimated costs of completion and selling expenses

Properties held for development comprise land at cost and development costs including construction expenditure and attributable interest and professional charges capitalised during the development period, less incidental rental income and any accumulated impairment losses.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Deferred taxation

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is, measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised,

p) 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.

q) 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 recognised.

r) Revenue recognition

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Convertible bonds

The convertible bonds can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of convertible bonds is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the convertible bonds as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method, unless it is designated at fair value through profit or loss. The equity component of convertible bonds is not remeasured subsequent to initial recognition.

t) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

u) Investments held for trading

Investments held for trading are recognised and derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair values. At each balance sheet date, these are stated at their fair values and any gains and losses arising from changes in fair values are included in the income statement during the year.

v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 FINANCIAL RISK MANAGEMENT

The Group's financial activities expose it to a variety of potential financial risks: currency 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) Currency risk

The Group's primary exposure to currencies are RMB and the Hong Kong Dollar. The Group has no formal hedging policy as historically the RMB and Hong Kong Dollar have moved in unison to a great extent.

(ii) Credit risk

The Group has no significant concentration 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.

(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 interest-rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's cash flows from operating activities are substantially independent of changes in market interest rates. The Group's convertible bonds carry zero coupon rate, thereby removing any exposure to cash flow interest-rate risk.

5 REVENUE

Revenue represents the sales value of goods supplied to customers.

6 OTHER INCOME

	Group	
	2006	2005
	RMB'000	*RMB'000*
Exchange gain, net	**3,370**	25
Gain on change of terms of convertible bonds	**1,537**	—
Other income	**330**	—
	5,237	25

7 SEGMENT INFORMATION

(a) Business segment

The assets, liabilities and results attributable to planting, cultivation and selling of agricultural products accounted for over 90% of the Group's consolidated totals for the years ended 30 June 2006 and 2005. Therefore, no segment information by business activity is presented.

(b) Geographical segment

For the years ended 30 June 2006 and 2005, the Group operated in one geographical segment, which was the PRC. All the Group's assets, liabilities and results relate to this segment.

8 PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

	Group	
	2006	2005
	RMB'000	*RMB'000*
Auditors' remuneration	**916**	573
Inventories used		
— production	**102,871**	73,102
— general and administration	**10,137**	12,322
	113,008	85,424
Staff costs (including directors' emoluments)		
— production	**11,913**	10,687
— selling and distribution	**942**	1,005
— general and administration	**13,624**	1,439
	26,479	13,131
Depreciation of owned property, plant and equipment		
— production	**11,758**	11,203
— general and administration	**5,515**	561
	17,273	11,764
Other operating expenses		
— production	**5,117**	4,221
— selling and distribution	**20,862**	17,755
— general and administration	**27,696**	19,596
	53,675	41,572
Of which:		
Amortisation of land use rights	**1,284**	1,096
Amortisation of deferred development costs	**2,000**	2,000
Employee share option benefits	**2,207**	—
Loss on disposals of property, plant and equipment	**404**	—
Operating lease expenses		
— plantation base	**6,137**	6,018
— office premises	**430**	95
Research expenses	**8,013**	4,321

8 PROFIT FROM OPERATIONS *(continued)*

The Directors received emoluments of approximately RMB5,983,000 (2005: RMB48,000) for the year ended 30 June 2006.

9 FINANCE EXPENSES

	Group	
	2006	2005
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**—**	350
Bank charges	**19**	6
Interest on convertible bonds	**7,126**	3,219
	7,145	3,575

10 INCOME TAX EXPENSES

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

	Group	
	2006	2005
	RMB'000	*RMB'000*
PRC foreign enterprise income tax ("FEIT") *(Note(a))*	**35,595**	13,544
Deferred tax	**15,342**	7,426
	50,937	20,970

Income tax payables at the balance sheet date represent:

	Group	
	2006	2005
	RMB'000	*RMB'000*
Balance of provision relating to previous years	**30,537**	16,993
FEIT provision for the year	**35,595**	13,544
Income tax paid	**(35,629)**	—
	30,503	30,537

10 INCOME TAX EXPENSES *(continued)*

(a) 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% up to year 2010. In addition, as a wholly-foreign owned enterprise, Lucky Team (Hepu) was exempt from FEIT for two years ended 30 June 2002, followed by a 50% reduction for the three years ended 30 June 2005.

For the year ended 30 June 2006 Lucky Team (Hepu) was subject to FEIT rate of 15% (2005: 7.5%).

Litian (Xinfeng), Lucky Team (Zigui), Lucky Team Agriculture Development and Lucky Team (Ganzhou), wholly owned subsidiaries established in Xinfeng county of Jiangxi Province, Zigui county of Hubei Province, Hepu county of Guangxi Zhuang Autonomous Region and Xinfeng county of Jiangxi Province respectively in the PRC, had not yet commenced businesses as at 30 June 2006 and accordingly are 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

	Group	
	2006	2005
	RMB'000	*RMB'000*
At beginning of year	**(10,641)**	(3,215)
Provision for deferred tax	**(15,342)**	(7,426)
Deferred tax liabilities at end of year	**(25,983)**	(10,641)

10 INCOME TAX EXPENSES *(continued)*

(c) Deferred taxation *(continued)*

The tax assets and liabilities by type of temporary difference:

	Group 2006 RMB'000	Group 2005 RMB'000
Tax assets:		
Construction-in-progress	**16,938**	4,186
Land use rights	**—**	122
Other receivables	**13**	13
Other payables	**104**	104
Other items	**2,150**	786
	19,205	5,211
Tax liabilities:		
Property, plant and equipment	**(18,982)**	(7,638)
Biological assets	**(25,764)**	(8,214)
Land use rights	**(430)**	—
Inventories	**(12)**	—
	(45,188)	(15,852)
Net tax liabilities	**(25,983)**	(10,641)

(d) For the year ended 30 June 2006, the applicable tax rate to the Group was 15% (2005: 7.5%).

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

	Group 2006 RMB'000	Group 2005 RMB'000
Profit from ordinary activities before income tax	**308,863**	269,778
Tax at the applicable tax rate of 15%	**46,329**	40,467
Tax effect of tax reduction to 7.5%	**—**	(20,233)
Tax effect of non-taxable revenue	**(1,199)**	—
Tax effect of expenses in group companies not subject to income tax	**5,807**	736
Income tax expenses for the year	**50,937**	20,970

11 EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 30 June 2006, is based on the profit attributable to shareholders of RMB257,926,000 during the year and the weighted average number of approximately 60,233,000 ordinary shares in issue during the year after adjusting for the effects of the issue of 9,072,813 new ordinary shares when the shares of the Company were admitted to trading on AIM, the issue of 1,703,049 new ordinary shares to the holder of the convertible bonds upon conversion of part of convertible bonds with nominal value of HK$24,000,000 on 3 August 2005 (Note 26), the issue of 1,226,087 new ordinary shares to the holder of the convertible bonds upon conversion of a convertible bond with nominal value of HK$20,000,000 on 2 March 2006 (Note 26) and the issue of 200,000 new ordinary shares to ESCL, upon the exercise of 200,000 options on 16 March 2006.

The calculation of the basic earnings per share for the year ended 30 June 2005 is based on the profit attributable to shareholders of RMB248,808,000 during the year and assuming that 50,000,000 shares were in issue throughout the year ended 30 June 2005, being 1,000,000 shares in issue and issuable and taking account of 49,000,000 shares issued on 29 June 2005.

The diluted earnings per share is calculated assuming conversion of all dilutive potential ordinary shares.

The convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expenses. The convertible bonds carry 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.

For share options, the calculation is done to determine the number of ordinary shares that could have been acquired at fair value (determined as the average market price of the Company's ordinary shares during the year) based on the monetary value of the subscription rights attached to the outstanding share options. The number of ordinary shares calculated is compared with the number of ordinary shares that would have been issued assuming the exercise of the share options.

	For the Year ended 30 June	
	2006	2005
	RMB'000	RMB'000
Profit attributable to shareholders	**257,926**	248,808
Interest on convertible bonds	**7,126**	3,219
Profit used to determine diluted earnings per share	**265,052**	252,027
Weighted average/Assumed number of ordinary shares in issue (thousands)	**60,233**	50,000
Assumed conversion of convertible bonds (thousands)	**3,433**	1,781
Adjustment for share options (thousands)	**78**	—
Weighted average number of shares for diluted earnings per share (thousands)	**63,744**	51,781
Diluted earnings per share (RMB)	**4.16**	4.87

12 EMPLOYEE RETIREMENT BENEFIT

All subsidiaries in the PRC, 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 2006, the Group's expenses related to the retirement scheme amounting to approximately RMB167,000 (2005: RMB295,000).

13 EMPLOYEES AND DIRECTORS

	Group	
	2006	2005
	RMB'000	*RMB'000*
Staff costs for the Group during the year:		
Wages and salaries	**24,198**	12,853
Share-based payments	**2,207**	—
Social security costs	**74**	278
	26,479	13,131

	Group	
	2006	2005
Average monthly number of people (including directors) employed by business group:		
Production	**340**	340
Selling and distribution	**64**	65
General and administrative	**92**	70
	496	475

13 EMPLOYEES AND DIRECTORS *(continued)*

			Group	
			2006	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Directors' emoluments	**Salaries and bonus**	**Share-based payment**		
Executive Directors				
Tong Wang Chow	1,352	—	**1,352**	—
Tong Hung Wai	859	—	**859**	48
Cheung Wai Sun	676	—	**676**	—
Pang Yi	680	287	**967**	—
Non-executive directors				
Ip Chi Ming	676	—	**676**	—
Ma Chiu Cheung	438	—	**438**	—
Lui Ming Wah	229	—	**229**	—
Yang Zhen Han	229	—	**229**	—
Nicholas Smith	451	—	**451**	—
Peregrine Moncreiffe	106	—	**106**	—
	5,696	287	**5,983**	48

14 DIVIDENDS

	Year ended 30 June	
	2006	2005
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.62 per ordinary share (2005: Nil)	**38,637**	—

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure and machinery RMB'000	Total RMB'000
Cost						
As at 1 July 2004	7,840	431	378	900	235,630	245,179
Additions	—	—	87	280	44	411
Transfer from construction-in-progress (Note 17)	500	—	—	—	78,664	79,164
As at 30 June 2005 and 1 July 2005	8,340	431	465	1,180	314,338	324,754
Additions	—	282	1,871	229	55	2,437
Transfer from construction-in-progress (Note 17)	1,761	2,349	439	—	275,414	279,963
Disposals	—	—	—	—	(998)	(998)
As at 30 June 2006	**10,101**	**3,062**	**2,775**	**1,409**	**588,809**	**606,156**
Accumulated depreciation						
As at 1 July 2004	656	38	238	702	37,172	38,806
Charge for the year	232	15	74	137	11,306	11,764
As at 30 June 2005 and 1 July 2005	888	53	312	839	48,478	50,570
Charge for the year	254	117	164	147	16,591	17,273
Disposals	—	—	—	—	(594)	(594)
As at 30 June 2006	**1,142**	**170**	**476**	**986**	**64,475**	**67,249**
Carrying amounts						
As at 30 June 2006	**8,959**	**2,892**	**2,299**	**423**	**524,334**	**538,907**
As at 30 June 2005	7,452	378	153	341	265,860	274,184

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Furniture fixture and office equipment *RMB'000*
Cost	
Additions and as at 30 June 2006	1,413
Accumulated depreciation	
Charge for the year and as at 30 June 2006	48
Carrying amounts	
As at 30 June 2006	1,365
As at 30 June 2005	—

16 LAND USE RIGHTS

	Group	
	2006	2005
	RMB'000	*RMB'000*
Cost		
At beginning of year	**57,000**	30,400
Additions	**8,654**	26,600
	65,654	57,000
Accumulated amortisation		
At beginning of year	**1,628**	532
Charge for the year	**1,284**	1,096
At end of year	**2,912**	1,628
Carrying amounts	**62,742**	55,372

Land use rights represent the right to use two pieces of land located in Xinfeng county of 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.

17 CONSTRUCTION-IN-PROGRESS

	Group	
	2006	2005
	RMB'000	*RMB'000*
At beginning of year	**315,656**	189,652
Additions	**221,454**	205,168
Transfer to property, plant and equipment *(Note 15)*	**(279,963)**	(79,164)
At end of year	**257,147**	315,656

Construction-in-progress is split as follows:

Lucky Team (Hepu)	**1,410**	9,032
Litian (Xinfeng)	**245,805**	306,624
Lucky Team Agriculture Development	**9,932**	—
	257,147	315,656
Infrastructure	**27,376**	6,239
Land improvements	**229,771**	309,417
	257,147	315,656

18 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 summarised as follows:

Group

	Immature seedlings		Infant trees		Orange trees		Total
	Number	*RMB'000*	*Number*	*RMB'000*	*Number*	*RMB'000*	*RMB'000*
As at 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)
As at 30 June and 1 July 2005	1,674	9	846,077	7,197	1,246,052	502,000	509,206
Additions	300,000	3,000	100,000	1,000	—	—	4,000
Intra transfer to infant trees	(300,000)	(3,000)	300,000	3,000	—	—	—
Gain arising from changes in fair value less estimated point-of-sale costs	—	—	—	—	—	115,000	115,000
As at 30 June 2006	**1,674**	**9**	**1,246,077**	**11,197**	**1,246,052**	**617,000**	**628,206**

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 2005 and 30 June 2006.

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 aims 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.

18 BIOLOGICAL ASSETS *(continued)*

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-sales costs at each balance sheet date.

During the year ended 30 June 2006, no immature seedlings were deemed to be unsuitable for further cultivation and were written off.

	Group	
	2006	2005
Output of oranges	***Tonnes***	*Tonnes*
Total output for the year	**111,201**	96,977

The fair value less estimated point-of-sale costs of orange trees is calculated by deducting the value of machinery and equipment and other assets from the market value of the orange tree operation. In doing so the following major assumptions when using Valuation Methodology 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 RMB4,000 (2005: RMB3,820) per tonne and RMB2,520 (2005: RMB2,480) per tonne respectively.

(b) Production per tree will increase from age 3 to 8 and remain stable for approximately another 22 years thereafter, subsequently entering a diminishing phase and becoming non-productive at the age of 35 years.

	Annual total yield per tree (kg)					
Age	**3**	**4**	**5**	**6**	**7**	**8**
Winter	23.71	32.96	49.58	65.05	80.14	98.73
Summer	—	—	—	—	—	98.19

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

	2006	2005
Direct costs and operating expenses	**% of Sales**	% of Sales
Supplies and direct costs (excluding depreciation)	**31%**	32%
Selling expenses	**5%**	7%
Management expenses	**3%**	4%

18 BIOLOGICAL ASSETS *(continued)*

(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.

(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% (2005: 23%) applied to the orange tree operation.

(h) The land currently occupied by the Group is leased from third parties, and has no commercial value. With reference to the value of machinery and equipment and other assets (represented by improvements in the structures and buildings, wind breakers, etc.), the total value of the assets involved as at 30 June 2006 is stated at the amount of approximately RMB229 million (2005: RMB175 million). No intangible assets are identified relating to the operation of the biological assets.

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

(i) Regulatory and environmental risks

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

(ii) Supply and demand risk

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

(iii) Climate and other risks

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

19 DEFERRED DEVELOPMENT COSTS

	Group	
	2006	2005
	RMB'000	*RMB'000*
Cost		
At beginning of year	**10,000**	10,000
Additions	**5,500**	—
	15,500	10,000
Accumulated amortisation		
At beginning of year	**3,000**	1,000
Charge for the year	**2,000**	2,000
	5,000	3,000
Carrying amounts	**10,500**	7,000

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.

20 INVESTMENTS IN SUBSIDIARIES

	Comany	
	2006	2005
	RMB'000	*RMB'000*
Unlisted shares, at cost	**5,300**	5,300
Due from/(to) subsidiaries	**189,244**	(619)
	194,544	4,681

All the balances are unsecured and interest free and have no fixed terms of repayment.

Particulars of the principal subsidiaries of the Company at 30 June 2006 are set out in Note 1.

21 INTERESTS IN ASSOCIATES

	Group	
	2006	2005
	RMB'000	*RMB'000*
Cost of investment in associates	**38**	—
Due from an associate	**6,412**	—
Share of loss of associates	**(1,115)**	—
	5,335	—

The amount due from an associate is unsecured, interest free and has no fixed terms of repayment. The advances to the associate were primarily for the funding of the operation.

Details of the Group's associates as at 30 June 2006 are as follows:

Name of associate	**Place of incorporation and operation**	**Proportion of ownership interest**	**Principal activities**
Asian Fruits Limited	BVI	46%	Trading of fruits
Asian Fruits Trading (Dongguan) Limited	PRC	46%	Trading of fruits

22 PROPERTIES UNDER DEVELOPMENT

	Group	
	2006	2005
	RMB'000	*RMB'000*
Properties under development comprises:		
Construction costs and capitalised expenditures	**10,355**	—

Properties under development are located in Xinfeng county, Jiangxi Province in the PRC.

23 INVENTORIES

	Group	
	2006	2005
	RMB'000	*RMB'000*
Agricultural materials	**1,092**	756
Packing materials	**76**	83
	1,168	839

Agricultural materials include both the fertilisers and pesticides.

24 DUE TO RELATED PARTIES

	Group	
	2006	2005
	RMB'000	*RMB'000*
Fujian Zhangzhou Chaoda Microbe Organic Fertiliser Company Limited ("Zhangzhou Chaoda")	**2,250**	2,100
Weizhou Chaoda Microbe Organic Fertiliser Company Limited ("Weizhou Chaoda")	**2,010**	—
Fuzhou Chaoda Modern Agriculture Development Company Limited ("Fuzhou Chaoda")	**—**	12,500
	4,260	14,600

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

Zhangzhou Chaoda and Weizhou Chaoda are related parties of Lucky Team (Hepu) by virtue of Mr. Kwok Ho's interest. The entire registered share capital of both Zhangzhou Chaoda and Weizhou Chaoda is indirectly held by Mr. Kwok Ho, a director of Lucky Team (Hepu) and a substantial shareholder in Chaoda Modern Agriculture (Holdings) Limited ("Chaoda"). Chaoda is in turn the holding company of Huge Market Investments Limited, a major shareholder in the Company. The amounts due to Zhangzhou Chaoda and Weizhou Chaoda were trade payables arising from purchase of organic fertiliser.

Fuzhou Chaoda is a wholly-owned subsidiary of Chaoda. The advances of RMB12,500,000 from Fuzhou Chaoda were fully repaid during the year ended 30 June 2006. These advances were unsecured and interest free.

25 DUE TO SHAREHOLDERS

The amount due to shareholders of RMB1,168,000 was fully repaid during the year ended 30 June 2006. This amount was unsecured and interest free.

26 DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company of RMB9,715,000 was fully repaid during the year ended 30 June 2006. This amount was unsecured and interest free.

27 ISSUED CAPITAL

	Group and Company		
	Authorised ordinary shares of HK$0.10 each		
	Number of shares	*HKD'000*	*RMB'000*
As at 1 July 2005 and 30 June 2006	200,000,000	20,000	20,900

	Issued and fully paid ordinary shares of HK$0.10 each		
	Number of shares	*HKD'000*	*RMB'000*
As at 1 July 2005	50,000,000	5,000	5,300
Issue of new shares	9,072,813	907	944
Conversion of convertible bonds	2,929,136	293	304
Issue of new shares upon exercise of share options	200,000	20	21
As at 30 June 2006	62,201,949	6,220	6,569

On 3 August 2005, the Company's shares were admitted to trading on AIM and 9,072,813 new ordinary shares of HK$0.10 each were issued to the public investors.

On the same date 1,703,049 new ordinary shares of HK$0.10 each were issued to the holder of the convertible bonds upon conversion of part of convertible bonds with nominal value of HK$24,000,000.

On 3 February 2006, 1,226,087 ordinary shares of HK$0.10 each were issued to the holder of the convertible bonds upon conversion of a convertible bond with nominal value of HK$20,000,000.

On 16 March 2006, 200,000 new ordinary shares of HK$0.10 each, were issued to ESCL upon exercise of 200,000 share options.

The ordinary shares issued for the year ended 30 June 2006 rank pari passu with the existing ordinary shares in issue.

28 CONVERTIBLE BONDS

On 14 July 2005, the convertible bonds, originally issued on 16 March 2005, with the nominal amount of HK$100,000,000, originally issued by Newasia, a wholly owned subsidiary of the Company, were cancelled on 14 July 2005 whilst the new convertible bonds totaling HK$100,000,000 were issued by the Company with revised principal terms on the same date as follows:

Holder	Robinson & Company*	Mr. Yim Hin Keung
Face value	HK$80,000,000	HK$20,000,000
Maturity date	3 years from date of issue	3 years from date of issue
Coupon rate	Nil	5% per annum
Conversion price	At initial rate of HK$16.31 per share, subject to achieving an investment return of not less than 25% per annum	At initial rate of HK$16.31 per share, subject to achieving an investment return of not less than 25% per annum

* Robinson & Company is the nominee of Metage Funds Limited and Metage Special Emerging Markets Funds Limited which own the convertible bonds amounting to HK$55,000,000 and HK$25,000,000 respectively.

On 3 August 2005, 1,703,049 new shares of HK$0.10 each were issued to Robinson & Company upon conversion of part of convertible bonds with nominal value of HK$24,000,000.

On 3 February 2006, 1,226,087 new shares of HK$0.10 each were issued to Mr. Yim Hin Keung, upon conversion of a convertible bond with nominal value of HK$20,000,000.

The fair value of the liability component and equity component of convertible bonds have been revised according to the change in the terms of convertible bonds.

The fair value of the liability component, stated as non-current liability, was calculated using a market interest rate for an equivalent non-convertible bonds. The residual amount, representing the value of the equity component, is included in the capital reserve within the shareholders' equity.

28 CONVERTIBLE BONDS *(continued)*

Convertible bonds recognised in the balance sheets of the Group and the Company are calculated as follows:

	Liability component *RMB'000*	Equity component *RMB'000*
As at 1 July 2004	—	—
Issue of convertible bonds	90,209	15,791
Issuing costs	(3,904)	(684)
Interest expense *(Note 9)*	3,219	—
Interest payable	(1,546)	—
As at 30 June and 1 July 2005	87,978	15,107
Change of the terms of convertible bonds	(9,327)	7,790
Conversion of convertible bonds	(36,327)	(8,984)
Interest expense *(Note 9)*	7,126	—
Interest payable	(785)	—
Exchange difference	(1,137)	—
As at 30 June 2006	**47,528**	**13,913**

Interest expense on convertible bonds 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 convertible bonds as at 30 June 2006 amounting to approximately RMB47,456,000. The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 12.985%.

29 COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments:

	Group	
	2006 ***RMB'000***	2005 *RMB'000*
Contracted but not provided for		
— Construction-in-progress	**106,995**	129,974
— Properties under development	**23,640**	—
— Research and development	**6,500**	—
— Purchase of land use rights	**8,227**	—
	145,362	129,974

As at 30 June 2006, the Company did not have any capital commitments.

29 COMMITMENTS *(continued)*

(b) Operating leases commitments

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

	Group	
	2006	2005
	RMB'000	*RMB'000*
Within 1 year	**6,682**	6,113
After 1 year but within 5 years	**24,723**	24,450
After 5 years	**245,344**	251,457
	276,749	282,020

Operating leases relate to the leases of the office premises in Hong Kong and Zigui, and the leases of land in which the Group's two plantations in Hepu County and Xinfeng County are situated. The leases of two plantations are for 50 years expiring in 2050 and 2052 respectively.

As at 30 June 2006, the Company did not have any operating leases commitments.

30 SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option plan (the "Plan") is established for the primary purpose of providing incentives to the directors and eligible employees. No share options were granted under the Plan on or before 1 July 2005.

At 30 June 2006, the number of shares in respect of which options had been granted and remained outstanding under the Plan was 1,155,000, representing approximately 1.9% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Plan is not permitted to exceed 10% of the shares of the Company from time to time.

On 25 July 2005, 1,155,000 share options were granted at an exercise price of £1.12. The options will normally vest and become exercisable annually at the rate of 10% over 10 years, subject to continuing employment. No consideration was paid for the granting of the options. The estimated fair value of options granted was £651,000. All options were issued upon the Company being admitted to AIM on 3 August 2005.

The Group recognised the total expenses of RMB2,207,000 (2005: Nil) for the year ended 30 June 2006 in relation to the share options granted to the employees by the Company.

30 SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

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

Outstanding at 1 July 2005	Granted during the year	Exercised during the year	Lapsed/Expired during the year	**Outstanding at 30 June 2006**
—	1,155,000	—	—	**1,155,000**

No share options were exercisable as at 30 June 2006.

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

On 10 August 2006, 115,500 new ordinary shares of HK$0.10 each were issued upon exercise of 115,500 share options.

Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

On 28 July 2005, 350,000 share options were granted at an exercise price of £1.12 pence to ESCL as corporate finance fee and commission pursuant to the placing agreement. The options are exercisable for the period from 28 July 2005 to 28 July 2008. The estimated fair value of options granted was £98,000. All options were issued upon the Company being admitted to AIM on 3 August 2005.

On 16 March 2006, 200,000 new ordinary shares of HK$0.10 each were issued to ESCL upon the exercise of 200,000 share options.

The following table summarises the movements of the Company's share options held by ESCL during the year:

Outstanding at 1 July 2005	Granted during the year	Exercised during the year	Lapsed/Expired during the year	**Outstanding at 30 June 2006**
—	350,000	200,000	—	**150,000**

30 SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

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

	Employees	**ESCL**
Spot price	£1.12	£1.12
Life of options	10	3
Strike price	£1.12	£1.12
Expected volatility	43%	43%
Interest rate	4.39%	4.24%

31 RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the financial statements, the following is a summary of significant related party transactions:

	Group	
	2006	2005
	RMB'000	*RMB'000*
Purchases of organic fertilisers from:		
Zhangzhou Chaoda	**13,902**	15,405
Weizhou Chaoda	**6,450**	6,390
	20,352	21,795
Management fees paid to:		
Top Nation Shipping Limited	**50**	617
Operating lease expenses paid to:		
Pan Air & Sea Forwarders (HK) Limited	**185**	—

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 that those charged to or contracted with other third parties.

Top Nation Shipping Limited and Pan Air & Sea Forwarders (HK) Limited are related by virtue of Mr. Tong Wang Chow's interest in their share capital.

31 RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel

	Group	
	2006	2005
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**6,876**	698
Share-based payments	**956**	—
	7,832	698

32 SIGNIFICANT SUBSEQUENT EVENTS

Save as disclosed elsewhere in the financial statements, there was no significant event subsequent to the balance sheet date.

33 ULTIMATE CONTROLLING PARTY

The Directors regard the Tong's family through its direct shareholding in Market Ahead Investments Limited as being the ultimate controlling party.

34 APPROVAL OF THE FINANCIAL REPORT

These financial statements were approval and authorised for issue by the Board of Directors on 17 October 2006.

FIVE YEAR FINANCIAL SUMMARY

	Years ended 30 June				
	2006	2005	2004	2003	2002
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**404,566**	322,313	275,208	183,880	133,953
Gains arising from changes in fair value of biological assets	**115,000**	103,340	10,034	42,468	32,110
Profit before tax	**308,863**	269,778	164,195	129,711	97,783
Tax	**(50,937)**	(20,970)	(12,380)	(9,788)	(3,365)
Profit after tax	**257,926**	248,808	151,815	119,923	94,418
Non current assets	**1,502,837**	1,161,418	837,041	669,658	542,882
Property, plant and equipment	**538,907**	274,184	206,373	217,155	157,516
Biological assets	**628,206**	509,206	402,148	389,399	346,792
Current assets	**130,044**	90,760	47,670	40,770	14,403
Total assets	**1,632,881**	1,252,178	884,711	710,428	557,285
Non current liabilities	**73,511**	98,619	20,208	7,828	—
Current liabilities	**53,721**	63,071	37,824	510,255	484,969
Capital and reserves	**1,505,649**	1,090,488	826,679	192,345	72,316

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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 Han
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of Asian Citrus Holdings Limited (the "Company") will be held at 20 Moorgate, London, EC 2R 6DA, United Kingdom on 1 December, 2006 at 10:30 a.m. The following businesses will be transacted then:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors of the Company and its subsidiaries for the year ended 30 June 2006;

2. To declare a final dividend of RMB0.62 per ordinary share for the year ended 30 June 2006;

3. To re-elect Mr. IP Chi Ming, who retires by rotation, as non-executive Director of the Company;

4. To re-elect Dr. Hon LUI Ming Wah, SBS JP, who retires by rotation, as non-executive Director of the Company;

5. To re-elect Mr. YANG Zhen Han, who retires by rotation, as non-executive Director of the Company;

6. To re-appoint Baker Tilly Hong Kong Limited and CCIF CPA Limited as joint auditors of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting, during which accounts will be laid before the Company, and to authorise the Directors to fix their remuneration;

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

ORDINARY RESOLUTION

7. "**THAT:**

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

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

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

(d) for the purpose of this resolution:

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

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

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

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

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

SPECIAL RESOLUTIONS

8. “**THAT:**

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

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

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

(d) for the purpose of this resolution:

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

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

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

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

9. "**THAT** conditional upon resolution numbered 7 and 8 as set out in the notice convening this meeting being passed, the aggregate nominal amount of the issued ordinary shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors of the Company pursuant to and in accordance with the said resolution numbered 8 above shall be added to the aggregate nominal amount of the ordinary share capital that may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors of the Company pursuant to and in accordance with the resolution numbered 7 as set out in the notice convening this meeting."

By Order of the Board,

Sung Chi Keung
Company Secretary

17 October 2006

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 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, Mr. Nicholas Smith and Hon Peragrire Moncreifte.

6 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the Register of Members of the Company as of 29 November 2006 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the annual general meeting.

7 The register of members of the Company will be closed on 1 December 2006. Only shareholders that appear on the register on that date will be qualified for the proposed final dividend to be approved at the annual general meeting.

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

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

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