中國綠色食品(控股)有限公司*

CHINA GREEN (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability) (Stock code : 904)

2009
Annual Report

* For identification only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Sun Shao Feng
(Chairman and Managing Director)
Nie Xing
Ip Siu Kay
Kung Sze Wai
Leung Kwok Fai Ben Rich

Independent Non-executive Directors:

Huang Zhigang
Hu Ji Rong
Zheng Baodong

COMPANY SECRETARY

Ip Siu Kay

AUDIT COMMITTEE

Huang Zhigang *(Chairman)*
Hu Ji Rong
Zheng Baodong

COMPENSATION COMMITTEE

Huang Zhigang *(Chairman)*
Hu Ji Rong
Zheng Baodong
Nie Xing

NOMINATION COMMITTEE

Huang Zhigang *(Chairman)*
Hu Ji Rong
Zheng Baodong
Nie Xing

AUDITOR

CCIF CPA Limited

HONG KONG LEGAL ADVISER

O' MELVENY & MYERS LLF

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman

PRINCIPAL BANKERS

Agricultural Bank of China
Industrial and Commercial Bank of China
Standard Chartered Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1904-1905, 19th Floor
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

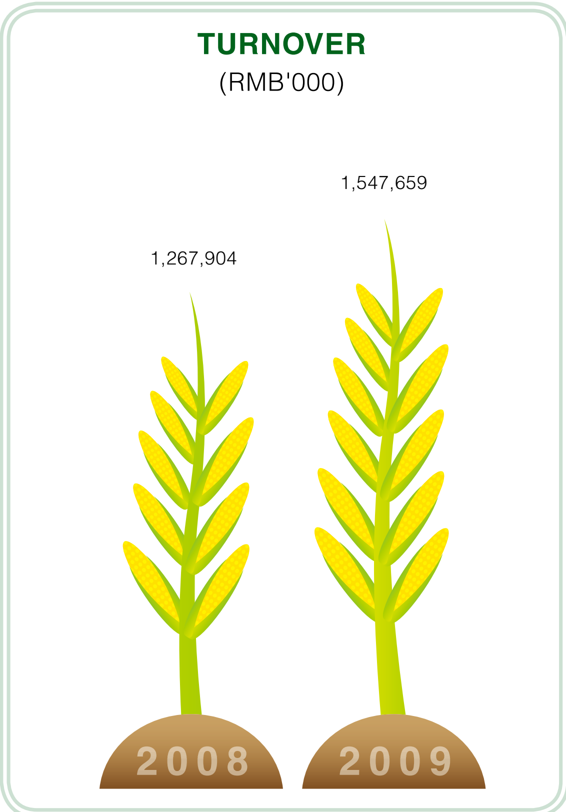
STOCK CODE

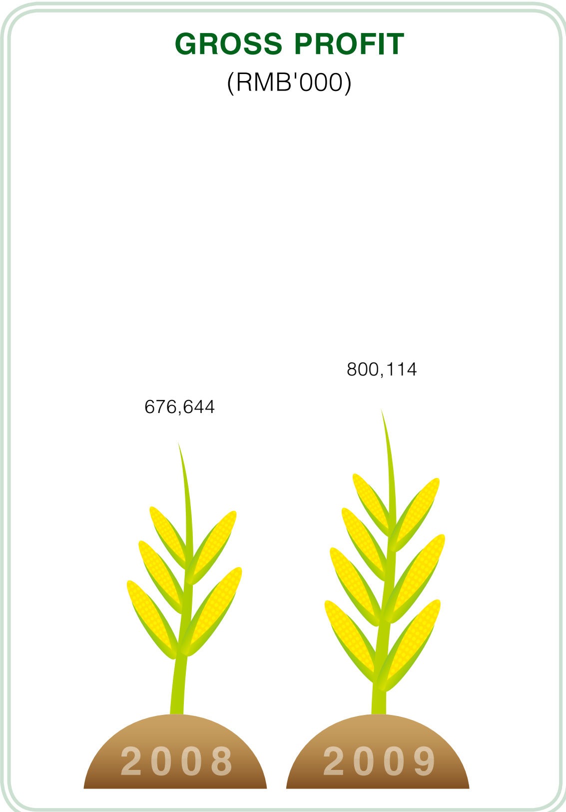
00904

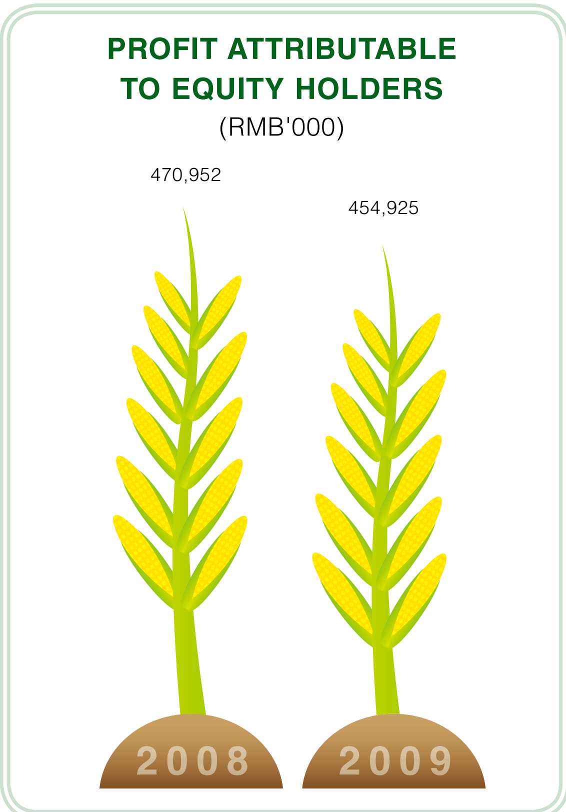
WEBSITE

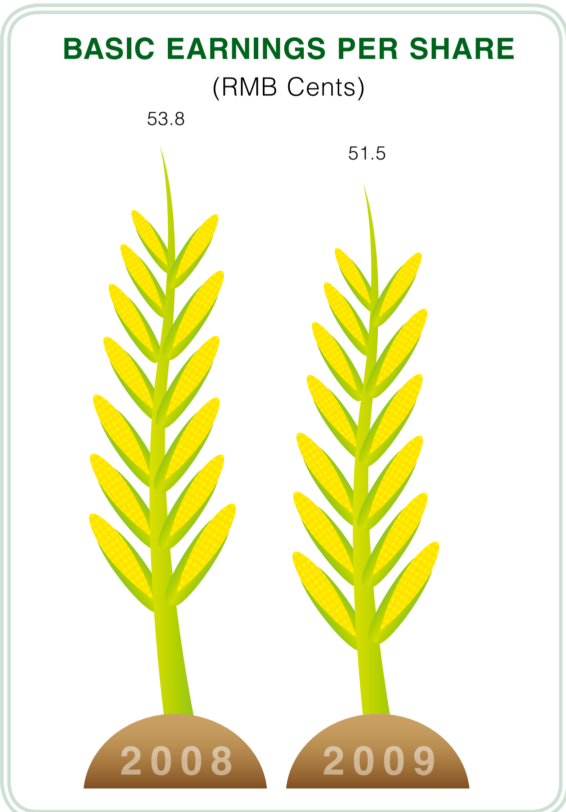
http://www.finance.thestandard.com.hk/en/0904chinagreen/index.asp

FINANCIAL HIGHLIGHTS









CHAIRMAN'S STATEMENT

Strong Performance,
Continual Innovation

All-Round Green To A Healthier China

Dear Shareholders,

I am delighted to present the annual results of China Green (Holdings) Limited ("China Green") and its subsidiaries (collectively the "Group") for the fiscal year ended 30 April 2009 ("FY2009").

FY2009 was a year full of unprecedented challenges in which, world-wide economy rallied while food safety issues for all stages of food production appeared and prices of global produce witnessed significant plunge. Yet, the fast recovery of produce price, strong demand of high quality and safe food products together with the continuous support from the Chinese Central Government, brought China's agricultural sector back on track swiftly. As a leading player in the industry, China Green was well positioned to manage this turbulence to achieve a turnover of record high for the period under review. During the FY2009, the turnover rose 22% to RMB1,548 million, gross profit increased 18% to RMB800 million, operating profit surged by 7.6% to RMB549 million, and the basic earnings per share were RMB51.5 cents. In view of its encouraging results, the Board of the Group recommends the payment of a final dividend of HK$0.073 per ordinary share.

The vertically integrated model of China Green has helped us rally through many economic cycles. Our aim is to develop and execute a business model that will allow us to utilize our cultivation bases and to provide transparency of our cultivating succession to investors. Food safety is one of our top priorities aspire to create a healthier China. Since 1998, China Green has taken every step of food safety as its right of way, with cultivation solutions that cover a full spectrum of testing and food safety control.

Recent trends in global food production, processing, and distribution have created an increasing awareness on food safety hence demand for safer food supply globally. Globalization has constantly brought in increasingly stringent import and export standards, and the demand for safe food from origins with guaranteed quality has driven the demand for healthy green products. In light of such, the Group continued to be benefited by its reputation of quality control and safety standard on each production stage, from seeding to harvesting and from processing to delivering. China Green's cost and market advantages to its export territories, contributing to the promising progress in driving exports growth and developing new markets. During the period under review, revenue from export business increased by 22% to RMB731 million, accounted for 47% of total turnover.

For domestic market, through its distribution channels covering the southern part of China, the Group delivers safe products with promising quality to customers in China efficiently. In the mean time, the Group has further enhanced its distribution capability and the development of its downstream businesses, it's green food logistics centre has commenced operations and began delivering fresh vegetable products to supermarkets and large chain restaurants in Shanghai in the name of its own brand. Furthermore, the Group continued to strengthen its brand presence in various provinces such as Fujian, Jiangxi, and Guangdong, etc. By penetrating its brand and products into provinces step-by-step and introducing new products according to local demands, revenue from domestic sale increased by 22% against the previous year to RMB816 million, accounting for 53% of the Groups' total turnover during FY2009.

With over a decade's experiences, the Group has successfully branched out and enriched its product mix, whilst striking a healthy balance between its growth towards both the overseas and domestic markets. During the period under review, the Group has continued to develop its "China Green" brand within the domestic market, promoting the concept of "All Round Green to a Healthier China". Under this thriving strategy, the Group has launched a series of new products to meet cravings in the marketplace, including the new grain beverage series in mid 2009. In the years to come, the Group will continue to expand its product mix to meet the increasing demand for green food.

A strong distribution network enabled the Group to continue grow as a nationwide brand. By developing new clienteles and new markets, within and beyond the China bandwidth, we are one step closer to executing our corporate missions:

– To build "China Green" as the number one brand for green food in China.

– Continue to become a paragon for standardized farming to supply high quality green agricultural products in China and around the world.

- To become the largest green food processing platform in China, exporting globally.

- Continue to strengthen our supply chain by establishing the most comprehensive fresh green food in China.

To maintain a healthy corporate structure and achieve continuous development, China Green has established a set of well-executed stringent code and policies of Corporate Governance which covers all aspects of our businesses. This commitment has ensured the Group of achieving long-term profitability growth, hence enhancing our shareholders' value with guidance by the Group's strategies. We are glad that more investors are aware of this fact and have become our shareholders, therefore enhancing the Group's shareholder base.

Looking forward, China Green will continue to devote to the development and production of green food, to establish channels for "People, Knowledge and Innovation." As health is the most valuable wealth of life, our Group will endeavor to raise such element and take on the future hope of a healthier China and a healthier world.

On behalf of the Board, I would like to express my sincere gratitude towards all shareholders, business partners, customers and investors for their continuous supports. I would also like to take this opportunity to thank my fellow Directors, the management team and staff members for their loyalty and remarkable efforts to the Group. I believe with our vision and team effort, we are embarking to a thriving milestone and a world-wide brand in the near future.

Sun Shao Feng
Chairman

Hong Kong, 24 August 2009

INDUSTRY REVIEW

China is considered one of the most important contributors to the world's supply of agricultural output. Over the past year, the Chinese government has stepped up measures to facilitate the development of the agricultural sector in China. In early 2009, the land reform proposal announced entailing plans to consolidate landholdings, and boost rural incomes by enabling more efficient farming. China Green, one of the pioneers in developing China's modernized agricultural industry, has been engaged in improving the income and living standard of its employed farmers while developing advanced cultivation technology for the nation since 1998. Overtime, the Group has built strong partnerships with its farmers and an effective alliance with the provincial government bodies.

For over a decade, China Green has committed to becoming a fully-integrated global green food supplier and continues to have complete control on its production, as to preserve freshness and ensure safety of its agricultural products. With the swift recovery of the world's demand for food supplied by China, the Group was proud to experience continuous demand from overseas markets and sustained a remarkable growth rate during the year under review.

In addition, with China's new Enterprise Income Tax Law taking effect on 1 January 2008, the Group's upstream business, including sales of fresh and part of its processed products, is entitled to the benefits brought by the new regulations. The Group made encouraging progress with local tax authorities in finalizing the specific benefits to be received. The effective tax rate for the financial year 2009 is 8%, as a result of the Group's effort.

BUSINESS AND MARKET REVIEW

Export Markets

Although imports and exports of most agricultural products dropped year-on-year for the period under review, China's exports of fruits and vegetables showed strong support. The China Green model, strengthened by international standardized management strategies, is designed to promote its "green" concept throughout the world. With enhanced efforts of promotion and quality products to offer, the Group secured outstanding growth in the number of exports agencies and overseas trading partners. The Group's expansion strategy focuses on two initiatives: To increase market share within existing markets and to explore new markets.

During the year under review, growth in exports of the Group's fresh produce and other relevant processed products businesses continued to be well received. Total turnover from exports was RMB731 million, representing a 22% growth against the previous recorded year. The Group succeeded in expanding its export volume of the markets such as South Korea, Taiwan and the United Kingdom. By exercising tight control throughout its production from seeding to harvesting, packaging to distribution, the Group established solid relationship with its overseas customers. Armed with thriving advantages, the Group extended its coverage in Europe and South & Central America regions, conducive to its goal of achieving a balanced global business footprint. Simultaneously the Group leveraged its strong track record with its Japanese customers to ensure overall marginal profit to be retained at a respectable level with other export markets.

MANAGEMENT DISCUSSION AND ANALYSIS

Domestic Market

Rising per capita income in major emerging economies such as China has resulted in driving growth in the consumption of more fresh and processed vegetable products, a trend that is likely to prevail. As China's economy is becoming more affluent, the demand and expenditure on healthier food are prone to rise. China Green was able to ride on this trend and achieved encouraging results in the domestic market and reported a total turnover of RMB816 million during the recorded period, representing a 22% growth as compared to the results of 2008.

The Group focused on its growth initiatives by expanding its sales channels and improving supply chain management within China. By powering its existing platform in provinces such as Fujian and Jiangxi, the Group further enhanced its distribution capacity along with the development of its downstream business. The "green" food logistics and distribution business located in Shanghai commenced operations during the year under review and allowed the Group to efficiently utilize its plantation and processing platforms, taking the Group one step closer yet to becoming the best fresh green food supply chain in China.

FINANCIAL REVIEW

During the year under review, the Group achieved promising result with total revenue of RMB1,548 million. The gross profit margin of the Group sustained at a decent level of 51.7%, among which the gross profit margins for sales of fresh produce and processed products were 51% and 53% respectively. The gross profit margin from branded food and beverage products was stable at around 49%. Meanwhile, the brand strategy of the Group facilitated the achievement of remarkable results, with the pricing of various branded food and beverage products being well accepted by the market. Following the fall of oil prices, the pressure from costs of raw materials, namely fertilizers as well as packaging materials, were stablized. Hence, the Group's operating profit was RMB549 million, representing a 7.6% growth as compared to that of the previous year.

SEGMENTS REVIEW

Fresh Produce

In 2009, the Group recorded exciting growth across all product segments. Turnover from the sale of fresh produce totaled RMB410 million, accounting for approximately 26% of the Group's total turnover. Within this segment, the products which brought in the utmost revenue were leeks, sweet corn, broccoli, and radish, which contributed to approximately RMB116 million, representing approximately 28% of turnover from fresh produce. Fresh food produce experienced growing demand largely from South Korea and Taiwan.

Processed Products

Processed food has been a fast growing segment in the agricultural industry due to the combination of China's low-cost environment, growing market, and government's policy favoring agricultural processing as a means to help farmers. Low labor cost is a key cost-saving factor for processors and growers as well.

During the year under review, turnover from the sale of processed products totaled RMB628 million, accounting for approximately 41% of the Group's total revenue, representing an increase of approximately 32% as compared to the same period in 2008. Among the four categories of processed products, namely water-boiled products, quick-frozen products, pickled products and canned products, quick-frozen and canned products grew at a faster pace, catering for the increased orders from European countries. Turnover from quick-frozen products and canned products were approximately RMB172 million and RMB189 million respectively, representing approximately 27% and 30% of the total revenue from processed products.

Branded Food and Beverage Products

One of the Group's core missions is to develop and deliver "green" consumer products across China. As a result of the Group's continuous efforts in solidifying its brand, China Green was honored as the "Famous Brand in Fujian Province" in 2009. With definite industrial networks and determined distribution channels, the Group's highly competitive branded products including beverage products, non-fried instant noodles, rice and rice flour products have reported consistently strong sales in 2009. During the year under review, turnover from the sale of branded food and beverage products totaled RMB508 million. The contribution from this category of products increased to about 33% of the Group's turnover, representing a year-on-year increase of approximately 18%.

Among branded products, the Group's turnover from beverage products totaled approximately RMB234 million, representing an increase of nearly 27% against RMB184 million from last year. Corn milk series, the Group's leading beverage product, has had its sales recovered smoothly from the slight affect of the melamine incident that occurred in late 2008, with a turnover totaled approximately RMB170 million. In addition, non-fried instant noodles have recorded a turnover totaled approximately RMB85 million. During the year under review, the turnover from rice products and rice flour products were approximately RMB90 million and RMB98 million respectively, accounting for approximately 17% and 19% of the total revenue from the branded food and beverage products.

BRAND MANAGEMENT

Over the years, China Green has developed a household brand counting variety of healthy products. With the promotion of the healthy-diet concept and raising awareness on food safety and quality control, the Group has made the "China Green" brand a symbol of quality which consumers expect. Since 2005, the Group has been implementing a step-by-step business development strategy by exploring one province at a time in the domestic market. The Group has conducted a series of promotional activities by placing through-the-line advertisements to market its products in the Fujian, Jiangxi and Guangdong regions. Going forward, the Group will carry on its efforts to promote the brand to China's other first-tier areas such as Shanghai and Zhejiang.

Nevertheless, distribution channels and network development are some of the key elements to China Green's success, allowing the Group to identify the end users of its products while learning their preferences for flavors, textures, and other attributes so as to formulate a more efficient and resourceful production to create the most comprehensive product range.

CULTIVATION BASES AND PROCESSING FACILITIES

China Green's pace of growth lies in its ability to expand and procure optimal cultivation bases while preserving the quality of its farmland. During the year under review, the Group continued to have full control over its operations and sources of origin. Anticipating the inclination of higher land prices, the Group has consequently come to an agreement with several villages in Fujian to extend the leasing terms of its cultivation bases from the existing 20-year terms to 30-year terms. The extended terms for land leasing will allow the Group with stable land resources, hence ensuring its production sustainability of its cultivation bases. In addition to existing farmland, the Group has been in consistently progress of negotiating new leases. By the end of April 2010, the Group's number of cultivation bases will reach 42 across the nation, with a total area of approximately 90,100 mu supporting a cultivation capacity of up to 363,200 tons per year. Among these cultivation bases, 36 are devoted to vegetable cultivation, 5 to fruit cultivation and 1 to organic rice cultivation.

The Group has invested a significant amount of time and effort over the past decade in accumulating its cultivation bases. With persistent improvement of soil fertility, the Group currently owns some of the most fertile farmland for vegetable production in China. During the period under review, the Group achieved satisfactory growth in both the scope and size of cultivation. Meanwhile, the Group has been ameliorating the soil of Tianmen Cultivation Base for organic cultivation, which is expected to produce fresh organic produce by 2011.

As for the food processing operations, the Group currently owns 11 processing platforms, it will continue to expand its production facilities with a capacity of 574,500 tons by the end of April 2010. The processing plants were built in accordance with international standards, and hygiene is strictly monitored to reinforce quality and safety.

QUALITY MAINTENANCE

During the fiscal year, the Group continued to comply with international quality and sanitation standards. With stringent control, the Group successfully secured the Safe Corp Certificate, the Green Food Certificate, and various certifications under ISO90001: 2000 as well as HACCP. Furthermore, the Group lived up to the practices of "Good Agriculture Planning" (GAP) and "Good Manufacturing Planning" (GMP) as promised to brand and reputation. In addition, the water treatment facilities of the Group's Zhangpu processing plant commenced operations to assure the satisfactory performance of its irrigation systems as required by standardized farming.

RESEARCH AND DEVELOPMENT

Essentially, global demand for healthy food produce will be in excess of supply in the long term. Given the awareness of food safety, the public pays more attention to the production processes of food manufacturers and suppliers. This growing trend is in line with the aspiration of China Green's value-adding production procedures, aided by its self-developed cultivation and processing techniques know-how. In the future, the Group will continue its commitment to provide newer and better products. Over the past year, the Group conducted various research and development projects combining key production elements – "knowledge", "people", "innovation" and "diversification". Through this research and development, the Group will strive to improve its profitability in the long run while providing innovative products to the international marketplace.

LOOKING AHEAD

China Green pledges to produce safer and better products in order to maintain its reputation and promise to its customers. In the foreseeable future, food production and processing industries will continue to emerge in China. Constant growth of the food consumption market in China also provides the Group with ample business opportunities. Based on the Group's competitive advantages in terms of stable supply capacity, excellent brand management, stringent quality control, and strong research and development competence, the management believes that the Group is well-positioned to tap the vast demand of branded food and beverage products in the domestic market.

Moving forward, China Green will continue its journey to develop the global food markets by launching more value-adding products and by promoting the concept of healthier food to China. Armed with a premium brand name, the Group will strive to become the market leader and the symbol of green food with secured quality and safety.

GROUP'S LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 April 2009, the total shareholders' fund of the Group was approximately RMB2,573 million (2008: RMB2,240 million). The Group had current assets of RMB1,599 million (2008: RMB2,379 million) and current liabilities of RMB94 million (2008: RMB85 million) and the current ratio was approximately 17 times (2008: 28 times).

The Group's outstanding borrowing as at 30 April 2009 was the convertible bonds maturing on 29 October 2010. The Group's net debt-to-equity ratio (calculated as total borrowings net of cash and cash equivalents over shareholders' equity) was not applicable as at 30 April 2009 and 2008 since the Group's cash and cash equivalents exceeded its borrowings. The Group's gearing ratio (calculated as total borrowings over shareholders' equity) as at 30 April 2009 was 34.9% (2008: 37.6%).

As of 30 April 2009, the Group had cash and cash equivalents of approximately RMB1,344 million (2008: RMB2,098 million). The majority of the Group's funds was deposited in banks in the PRC and licensed banks in Hong Kong and the Group possesses sufficient cash and bank balances to meet its commitment and working capital requirement in the coming financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continues to implement a prudent financial management policy and monitor its capital structure based on the ratio of total liabilities over total assets. As at 30 April 2009, the ratio of total liabilities over total assets was 28.2% (2008: 29.3%).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group was committed to the expansion of existing facilities and building of new facilities to enhance its production capacity. As at 30 April 2009, the Group has contractual capital commitments of approximately RMB68 million (2008: RMB12 million).

As of 30 April 2009, the Group had not provided any form of guarantee for any company outside the Group and has not been involved in any material legal proceedings for which provision for contingent liabilities was required.

FLUCTUATIONS IN EXCHANGE RATES

For the year ended 30 April 2009, the Group conducted its business transactions principally in US dollars and Renminbi. The Group has not experienced any material difficulties or negative impact on its operations as a fluctuations in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required.

As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities.

Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

During the year under review, the exchange loss was approximately RMB6.6 million. For the year ended 30 April 2008, the exchange gain of RMB28.4 million mainly arose from the retranslation of current accounts between individual company within the Group denominated in RMB and HKD respectively. As a result of the significant appreciation of RMB against HKD during the year ended 30 April 2008, the Group recognized a significant exchange gain in last year on retranslation of those current accounts.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITION

During the year under review, the Group made no significant investments, material acquisition or disposal of subsidiaries.

PLEDGE ON GROUP ASSETS

As at 30 April 2009, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group.

STAFF AND REMUNERATION POLICIES

As at 30 April 2009, the Group had a total of over 8,000 employees, of which approximately 4,100 are workers at the Group's cultivation bases. The aggregate staff costs and Directors' remuneration for the year ended 30 April 2009 totaled approximately RMB162 million (2008: approximately RMB165 million). Employees are paid at a competitive level, taking into account individual performance, experience and their positions. Other benefits included mandatory provident funds, year-end bonus and share options granted to selected employees based on the individual performance.

USE OF PROCEEDS FROM CONVERTIBLE BONDS

The Company issued convertible bonds in October 2007 and the detail is set out in note 27 to the financial statements.

Up to 30 April 2009, approximately RMB225 million was used for leasing and secured the term of cultivation bases, RMB37 million was used for the acquisition of land and processing plant, RMB23 million was used for construction and building, RMB62 million was used for the purchase of equipment and cost of installation and RMB67 million was for the investment in the branded fresh produce supply chain business. The total net proceeds utilized as at 30 April 2009 was approximately RMB414 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS/CAPITAL ASSETS & SOURCE OF FUND

As at 30 April 2009, the Group maintained sufficient funds for the capital investment and operations in the coming year. In view of the possible redemption required on the maturity of the convertible bonds due October 2010, the management continues to assess the impact of redemption on the Group's operations and finance needs.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), which came into effect on 1 January 2005.

During the year ended 30 April 2009, the Company was in compliance with code provisions set out in the CG Code except that code provision A.2.1 of the CG Code provides that the responsibilities between the chairman ("Chairman") and chief executive officer ("CEO") should be divided. The Company does not have a CEO and Mr. Sun Shao Feng currently performs these two roles. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Besides, code provision E.1.2 of the CG Code provides that the Chairman of the Board should attend the annual general meeting of the Company. Mr. Sun Shao Feng, the Chairman of the Board, did not attend the 2008 annual general meeting of the Company by the reason of his business trip, and the Chairman has set aside time to attend the 2009 annual general meeting of the Company to be held on 30 September 2009.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the year ended 30 April 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performance. The management is delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these committees are set out in this report.

The Board currently consists of eight Directors including five executive Directors and three independent non-executive Directors:

Executive Directors
Sun Shao Feng *(Chairman)*
Nie Xing
Ip Siu Kay
Kung Sze Wai
Leung Kwok Fai Ben Rich

Independent non-executive Directors
Huang Zhigang
Hu Ji Rong
Zheng Baodong

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board and has met the recommended best practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical details of Directors are set out on pages 21 to 25 under the section headed "Profiles of Directors and Senior Executives".

The Board decides on corporate strategies, approves overall business plans and evaluates the Company's financial performance and management. Specific tasks that the Board delegates to the Company's management include the implementation of strategies approved by the Board, the monitoring of operating budgets, the implementation of internal controls procedures, and the ensuring of compliance with relevant statutory requirements and other rules and regulations.

Chairman and Chief Executive Officer

Up to the date of this report, the Company does not have a separate Chairman and CEO and Mr. Sun Shao Feng currently performs these two roles. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting and scientific research and development. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

The three independent non-executive Directors are appointed for a term of two years and are subject to retirement by rotation in accordance with the Bye-Laws of the Company.

Board Meetings

During the financial year ended 30 April 2009, the Board held 7 meetings.

Name of Director	Number of attendance
Sun Shao Feng	7/7
Nie Xing #	3/3
Ip Siu Kay #	3/3
Kung Sze Wai	7/7
Leung Kwok Fai Ben Rich	6/7
Lin Chuan Bi *	4/4
Hu Ji Rong	7/7
Zheng Baodong	7/7
Lu Hong Te **	0/3
Huang Zhigang ##	2/2

* Mr. Lin Chuan Bi resigned on 5 November 2009, and 4 Board Meetings were held before his resignation.

** Mr. Lu Hong Te was appointed on 5 November 2008 and resigned on 25 March 2009, and 3 meetings were held during his term of appointment.

\# Mr. Nie Xing and Mr. Ip Siu Kay were appointed on 5 November 2008, and 3 meetings were held after their appointment.

\## Mr. Huang Zhigang was appointed on 12 January 2009, and 2 meetings were held after his appointment.

The Company planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order to make sure all Directors could plan in advance their availability to attend the scheduled Board meetings. Additional meetings will be held as and when required.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee"), with written terms of reference, on 12 December 2003. The Audit Committee comprises three independent non-executive Directors, namely Mr. Huang Zhigang (as chairman), Mr. Hu Ji Rong and Mr. Zheng Baodong.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company's financial reporting system procedures including the adequacy of resources, qualifications and experience of staff of the Company's financial reporting function and their training arrangement and budget, and also the internal control procedures.

Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code.

The Audit Committee meets the external auditor at least two times a year to discuss any area of concern during the audit or review. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports. The Audit Committee noted the existing internal control policies of the Company and also noted that review of the same will be carried out and anticipate there may have further improvement to the said policies.

During the financial year ended 30 April 2009, the Audit Committee held 2 meetings.

Name of member	**Number of attendance**
Hu Ji Rong	2/2
Zheng Baodong	2/2
Lin Chuan Bi *	1/1
Lu Hong Te **	0/1
Huang Zhigang #	1/1

* Mr. Lin Chuan Bi resigned on 5 November 2008, and 1 meeting was held before his resignation.

** Mr. Lu Hong Te was appointed on 5 November 2008 and resigned on 25 March 2009, and 1 meeting was held during his term of appointment.

Mr. Huang Zhigang was appointed on 12 January 2009, and 1 meeting was held after his appointment.

NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the agricultural industry and/or other professional area.

The Company established a nomination committee ("Nomination Committee"), with written terms of reference and consists of three independent non-executive Directors and an executive Director, namely Mr. Huang Zhigang (as chairman), Mr. Hu Ji Rong, Mr. Zheng Baodong and Mr. Nie Xing.

The functions of the Nomination Committee are to reviewing and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

During the financial year ended 30 April 2009, the Nomination Committee held 3 meetings.

Name of member	**Number of attendance**
Hu Ji Rong	3/3
Zheng Baodong	3/3
Lin Chuan Bi *	2/2
Nie Xing	3/3
Lu Hong Te **	0/1
Huang Zhigang ##	0/0

* Mr. Lin Chuan Bi resigned on 5 November 2008, and 2 meetings were held before his resignation.

** Mr. Lu Hong Te was appointed on 5 November 2008 and resigned on 25 March 2009, and 1 meeting was held during his term of appointment.

Mr. Huang Zhigang was appointed on 12 January 2009, and no meeting was held after his appointment.

COMPENSATION OF DIRECTORS

The Company established a compensation committee ("Compensation Committee"), with written terms of reference and consists of three independent non-executive Directors and an executive Director, namely Mr. Huang Zhigang (as chairman), Mr. Hu Ji Rong, Mr. Zheng Baodong and Mr. Nie Xing.

The functions of the Compensation Committee are to establish and review the policy and structure of the compensation for the Directors and senior executives.

During the financial year ended 30 April 2009, the Compensation Committee held 3 meetings.

Name of member	Number of attendance
Hu Ji Rong	3/3
Zheng Baodong	3/3
Lin Chuan Bi *	2/2
Nie Xing	3/3
Lu Hong Te **	0/1
Huang Zhigang ##	0/0

* Mr. Lin Chuan Bi resigned on 5 November 2008, and 2 meetings were held before his resignation.

** Mr. Lu Hong Te was appointed on 5 November 2008 and resigned on 25 March 2009, and 1 meeting was held during his term of appointment.

Mr. Huang Zhigang was appointed on 12 January 2009, and no meeting was held after his appointment.

The Company has adopted a share option scheme on 12 December 2003. The purpose of the share option scheme is to enable the Board to grant options to selected eligible participants to motivate them and to optimize their performance and efficiency for the benefit of the Group. Details of the share option scheme are set out in the Report of the Directors. The emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Compensation Committee. Details of the Directors' compensation are set out in note 8 to the financial statements.

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid/payable to the Company's auditor, CCIF CPA Limited, is set out below:

Services rendered	Fee paid/payable
	HK$'000
Audit services	850
Non-audit services	–
	850

SHAREHOLDER RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the forthcoming annual general meeting of the Company will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;
- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's account for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 April 2009, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

INTERNAL CONTROL

Management had implemented a system of internal controls to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information are provided for management and publication purpose and investment and business risks affecting the Group are identified and managed.

During the year ended 30 April 2009, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng (孫少鋒), aged 44, is the Chairman, managing director and founder of the Group since its establishment. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He has many years of management experience in the agricultural industry. Prior to joining the Group in May 1998, he had worked for the government office of Fuzhou City (福州市委). He is also a committee member of the Chinese People's Political Consultative Conference of the Fujian Province Quanzhou City (中國人民政治協商會議泉州市委員會) and the vice-president of the Hui An County Association of Industry and Commerce (惠安縣工商業聯合會). His accomplishment is widely recognized by the PRC government. In 2000, he was accredited with the top 10 young entrepreneurs as well as the Model Labour of Quanzhou City. In 2001, he was nominated by the Central Office of the Communist Youth Group (共青團中央辦公廳) as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人). He graduated in July 2002 from Correspondence College of the Central School of the Communist Party of China (中共中央黨校函授學院) majoring in Economics and Management.

Mr. Nie Xing (聶星), aged 45, joined the Group in June 2001 as the chief operating officer and appointed as an executive director on 5 November 2008. He is mainly responsible for financial planning and analysis, management, investment and corporate financing of the Group. He graduated from Jiangxi University of Finance and Economics (江西財經學院) with a bachelor degree in Commerce and Economics in 1986 and obtained a master degree in Business Administration from the Open University of Hong Kong in December 2000. He is also a member of the Compensation Committee and the Nomination Committee of the Company.

Mr. Ip Siu Kay (葉兆基), aged 37, joined the Group in January 2008 and appointed as an executive director on 5 November 2008. He was appointed as the financial controller and company secretary of the Group on 24 August 2009. He is mainly responsible for managing and coordinating the Group's financial reporting and secretarial matters. He was admitted as a fellow member of the Association of Certified Chartered Accountants and associate member of the Hong Kong Institute of Certified Public Accountants in 2007 and 2003 respectively. He has accumulated around 10 years experience in an accounting firm and was mainly responsible in accounting, taxation and auditing and company secretarial works. Prior to joining the Group, he worked for another listed company in Hong Kong engaged in food selling business.

Mr. Kung Sze Wai (龔思偉), aged 37, is an executive director of the Company. He joined the Group since 2002, mainly responsible for strategic development of the Group. Prior to joining the Group, he has accumulated around 5 years experience in an accounting firm until August 2002 and was mainly responsible in accounting, taxation, auditing and company secretarial works. He graduated from Monash University, Australia with a bachelor degree in Business in 2000 and obtained a master degree in Corporate Finance from the Hong Kong Polytechnic University in 2003. He was admitted as an associate member of the Association of International Accountants and the Hong Kong Institute of Certified Public Accountants in October 2000 and in February 2001 respectively.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Leung Kwok Fai Ben Rich (梁國輝), aged 51, is an executive director of the Company. Mr. Leung joined the Group in October 2003 and his role is to oversee the financial planning of the Group's business development. He has over 20 years of experience in accounting, taxation and auditing. Mr. Leung is the company secretary of Victory Group Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. Leung graduated from Northwest Missouri State University in the USA with a bachelor degree of science majoring in accounting, and from Charles Sturt University in Australia with a master degree of accountancy. Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Chartered Secretaries, and the Taxation Institute of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhi Gang (黃志剛), aged 45, is an independent non-executive director of the Company. Mr. Huang graduated from the Fujian Normal University with a Doctor in Economics. He is currently the Dean of College of Management, the professor of Finance and the Ph.D. Professor of Finance Engineering Programme of Fuzhou University. He is also the vice-president of China Industrial Economy Research Association, the vice-president and secretary of Fujian Province AudItescent Economic Development Association and the executive member of Fujian Securities Research Association. He has been an independent director of Fujian Nanan Rural Cooperative Bank since May 2007. Mr. Huang is also the chairman of each of the Audit Committee, the Compensation Committee and the Nomination Committee of the Company.

Mr. Hu Ji Rong (胡繼榮), aged 53, is an independent non-executive director of the Company. He was appointed as director in September 2002. Mr. Hu graduated from Jiangxi University of Finance and Economics (江西財經學院) in 1983 and obtained a master degree in Business Administration from the Open University of Hong Kong (香港公開大學) in 2000. He holds a Certified Public Accountant license in the PRC. Mr. Hu has been the Deputy Head of Accounting Department in the College of Management of Fuzhou University (福州大學). Mr. Hu has taken up a number of public service positions including a specially contracted auditor (特約審計員) of the Fujian Provincial Audit Office (福建省審計廳) and a committee member of the Professional Conduct Committed of Fujian Institute of Certified Public Accountants (福建省註冊會計師協會). Mr. Hu has published numerous articles and research reports in the PRC. He is also a member of each of the Audit Committee, the Compensation Committee and the Nomination Committee of the Company.

Mr. Zheng Baodong (鄭寶東), aged 42, is an independent non-executive director of the Company. He graduated and received his master and doctorate degree in Horticulture from Fujian University of Agricultural (福建農學院), major in storage and processing of agricultural products. Currently, Mr. Zheng is the Deputy Dean of the Faculty of Food Science and Technology and the Head of the Food Science and Technology Research Centre and appointed as a Professor at Fujian Agriculture and Forestry University. He is also the president of Fujian Province Food Additives Industrial Association (福建省食品添加劑工業協會), Vice President of Fujian Province Institute of Nutrition (福建省營養學會) and Deputy Secretary and Executive of Fujian Province Institute of Food and Science Technology (福建省食品科學技術學會). He is entitled to receive special government allowance from the China State Council for expert. Mr. Zheng has extensive experience in education, scientific research and development activities in food science and technology sector, and in recent years he also involved in development of scientific and technological research items and various horizontal integration cooperation projects. He is also a member of each of the Audit Committee, the Compensation Committee and the Nomination Committee of the Company.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

SENIOR EXECUTIVES

Mr. Osugi Kenji (大杉健二), aged 49, is the operating vice chief officer of the Group and general manager of Shanghai Operating Division. He had been General Administrator of 日本旭印中央青果株式會社, Deputy Head of Japan Hokkaido Cultivation Centre and Deputy Head of 日本東光商事株式會社 and 日本ST農產流通株式會社, engaging in plantation, processing, development and sales of agricultural products. He has 30 years of working experience in agricultural management.

Mr. Wang Wei Wen (王偉文), aged 41, is the executive vice chief officer of the Group and general manager of Zhangpu Hebei Operation Division. Mr. Wang graduated from Xiamen University (廈門大學) with a bachelor degree in Economics in 1987 and obtained a master degree in Business Administration from the School of Economics of Xiamen University in 1990. He joined the Group in April 2005. Prior to joining the Group, Mr. Wang served as the President's Secretary, Branch Deputy General Manager and General Manager of state-owned enterprises for 15 years.

Mr. Wu Yaoxiong (吳耀雄), aged 54, is from Kaohsiung, Taiwan, is the deputy chief marketing director of the Group. He was the senior supervisor of mainland district of Uni-President (China) Food and the general manager of the Beverage division of Master Kong Group. Mr. Wu has over 18 yeas of working experience in market development and sales management.

Mr. Chen Qian (陳謙), aged 37, is the general manager of the Beverage Division and the general manager of Fujian Operation Division of the Group. Mr. Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範學校) in 1992 and obtained a master degree from Renmin University of China (中國人民大學) in 2004. Prior to joining the Group, he served in various positions at a number of companies, including Officer, Section Chief, Head of Sub-division, Vice General Manager and Acting General Manager, and has over 10 years of working experience in sales management.

Mr. Wang Xiaofeng (王曉峰), aged 34, is the general manager of the Jiangxi Operation Division. He graduated from Fushun Petroleum Institute (撫順石油學院) in 1994. He served as General Manager in Coca-Cola, Yinlu Group (銀鷺集團), Hainan Huichen (海南匯臣) and various other companies. He is strong in operation and leadership and is familiar with corporate establishment, long-term planning, the PRC's consumer goods market, channel and sales network and has vast experience and working history in brand operation, sales management and market operation. He joined the Group in 2006.

Mr. Zheng Hai (鄭海), aged 40, is the general manager of foreign trade division. He graduated from the University of Xiamen (廈門大學) International Trade Department in 1990 with an Economics degree. He worked as General Manager in Hong Kong Jianfeng Enterprise, Huamin Group and Chengshi Jingdian Import and Export Company and is well versed in import and export business.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Gong Wenmao (龔文茂), aged 36, is the general manager of logistics division. He graduated from Xiamen University (廈門大學) with a degree in Economics and Management in 1996 and obtained the qualifi cation of Business Management Economist in 2000. He worked in groups including Hong Kong Fenglianda, Xiashang and Xiangyu as Senior Executive. He is well-versed in sourcing and logistics, tenant enrolling management of consolidated business, and is particularly experienced in logistics, distribution and sales management of agricultural by-products and consumer goods.

Mr. Zhang Zhiqin (張志勤), aged 45, is the Group's director of food research and development. He is a senior engineer and a bachelor of engineering in Food Engineering. He was Committee Member of the Assessment Committee of Senior Positions of High Technology Offi cers of Xiamen and Committee Member of Technological Professional Committee of Fujian Food Industry Association. He has over 10 years of working experience in planning of food projects and the design and selection and installation in production procedures. He is well-versed in engineering technology and equipment engineering. He has published a number of results work including "Processing Technology of Fruits, Vegetables and Sugar Products, Research and Production of Artifi cial Longan, Research and Production of Oolong Tea.

Ms. Liu Fang (劉方), aged 43, is the controller of the Group's finance center. She obtained tertiary qualification in the management of industrial enterprise in 1988, and received a bachelor degree in Accounting from the Remnin University of China (中國人民大學). She served as Financial Chief Officer in a number of enterprises and holds the title of Accountant and qualification certificate for Hotel Finance Manager. She joined the Group in 2006.

Mr. Yuan Jun (袁軍), aged 31, is the Group's director of planning. He graduated from the Beijing Information Engineering Institute (北京資訊工程學院) in 1999 with a college degree, and obtained a certificate in advertising from Xiamen University (廈門大學) in 2003. He is currently an MBA research student at Jiangxi Finance University. During the period, he obtained the Advertisement Examiner Certificate and Advertisement Practitioner Certifi cate. He served as senior management member in marketing, planning and branding in many famous enterprises.

Mr. Zhu Yinchuan (朱銀川), aged 62, is the Group's director of plantation technology. Since he started his career, he has been engaged in the on-site plantation management work of agricultural products. He had only worked in Shanghai Gaorong Food Company Limited for six years before he joined the Company. His over 40 years of experience in site management has provided strong and sustainable protection to the development of the plantation business of the Company.

Ms. Lau So On Amy (劉素安), aged 31, is the assistant vice president and investor relations spokesperson of the Group. Ms. Lau joined the Group in 2008. She is mainly responsible for managing the Group's investors and media activities. Prior to joining China Green, Ms. Lau had experiences as an Investment Analyst with an US Hedge Fund & Private Equity group, as well as investor relations representative for various international financial institutions. Ms. Lau graduated from California State University, San Marcos, USA with a bachelor degree in Economics in 2000 and obtained a Master of Business Administration, Finance from University of San Francisco, USA in 2002.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Ms. Chen Bing Ling (陳冰玲), aged 34, is the deputy general manager of Fujian operation division. Ms. Chen has been a member of the Group since August 1998 and is mainly responsible for the business development, sales and marketing activities. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996. Currently she is studying for an MBA at Quanzhou Huaqiao University Business Administration Institute.

Mr. Chen Wenzhong (陳文忠), aged 47, is the deputy general manager of Zhangpu Hebei operation division and a senior agriculturist. Since he started his career in 1985, he has been engaged in management of agricultural plantation and development. He had been the director of sourcing (principally in processing/plantation/sales/production) in the PRC Shanghai Doule Head Office of the US DOLE Food Company. He is particularly experienced in the on-site management of agricultural plantation and processing.

Mr. Xu Bin (徐斌), aged 44, is the deputy general manager of Shanghai operation division of the Group. He graduated from Fujian Broadcasting TV University Economic and Enterprise Management College in 1986 and was a research postgraduate at Japan Asian and East Culture Integrated Research Institute in 1988. He worked as general manager at companies including 日本新東京株式會社 and (住友) ST and is well-versed in the plantation, processing and sales of agricultural products.

Mr. Lin Bing Wen (林炳文), aged 40, joined the Group in January 2001. He is currently the Deputy General Manager of Jiangxi Operation Division. Prior to joining the Group, Mr. Lin was the person-in-charge of cultivation bases for 5 years. He obtained his qualification as an assistant engineer from Quanzhou City Personnel Department (泉州市人事局) in January 2002.

Ms. Wu Xiujin (吳秀金), aged 36, is the human resource controller of the Group. She graduated from the Southwest Political Science and Law School (西南政法學院) in 1996. Since graduation she had worked in law firms and served as the legal adviser of a number of companies. She joined the Group in October 2001 and is engaged in works related to corporate legal affairs, administration and personnel management.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders their annual report and audited financial statements of the Company and of the Group for the financial year ended 30 April 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investments holding. The activities of the subsidiaries are set out in note 18 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 14 to the financial statements.

RESULTS AND APPROPRIATIONS

The results for the year ended 30 April 2009 are set out in the consolidated income statement on page 37.

The Board has resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 30 September 2009 ("2009 AGM") a final dividend of HK$0.073 (approximately RMB0.064) (2008: HK$0.090 (approximately RMB0.081)) per share to be paid on or about 14 October 2009 to those shareholders whose names appear on the register of members of the Company on 30 September 2009. Taking into account of the interim dividend of HK$0.073 per share (2008: HK$0.068) and the proposed final dividend, total dividends for the year will amount to HK$129,069,000 (approximately RMB113,658,000) (2008: HK$139,577,000 (approximately RMB125,108,000)).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 28 September 2009 to Wednesday, 30 September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to attend the 2009 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 25 September 2009.

Holders of the zero coupon convertible bonds (the "Bonds") of the Company due 2010 should lodge the conversion notice together with the relevant document evidencing the title of the Bonds to the conversion agent of the Bonds not later than 3:00 p.m. on Wednesday, 23 September 2009 in order to qualify for the proposed final dividend and to attend the 2009 AGM.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 28 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 89 and note 28 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

DISTRIBUTABLE RESERVES

Reserves of the Company at 30 April 2009 available for distribution amounted to RMB208 million. The Company's contributed surplus in the amount of RMB294 million is also available for distribution to shareholders, subject to condition that the Company cannot declare or pay a dividend, or make a distribution of contributed surplus if (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

PRE-EMPTIVE RIGHT

There are no pre-emptive provisions under the Company's Bye-Laws or the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 30 April 2009.

DIRECTORS

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

Executive Directors

Sun Shao Feng *(Chairman and Managing Director)*	
Nie Xing	(appointed on 5 November 2008)
Ip Siu Kay	(appointed on 5 November 2008)
Kung Sze Wai	
Leung Kwok Fai Ben Rich	

Independent Non-executive Directors

Hu Ji Rong	
Zheng Baodong	
Huang Zhigang	(appointed on 12 January 2009)
Lin Chuan Bi	(resigned on 5 November 2008)
Lu Hong Te	(appointed on 5 November 2008 and resigned on 25 March 2009)

DIRECTORS' REPORT

In accordance with Bye-law 86(2) of the Bye-Laws, Messrs. Nie Xing, Ip Siu Kay and Huang Zhigang, being Directors appointed after the last general meeting of the Company, shall retire and, being eligible, offered themselves for re-election at the 2009 AGM.

In accordance with Bye-law 87(1) of the Bye-Laws, Messrs. Sun Shao Feng, Leung Kwok Fai Ben Rich and Zheng Baodong shall retire from office as Directors by rotation at the 2009 AGM. Messrs. Sun Shao Feng and Zheng Baodong, being eligible, offered themselves for re-election, and Mr. Leung Kwok Fai Ben Rich confirmed that he will not offer himself for re-election.

INDEPENDENCE CONFIRMATION

The Company received annual confirmation of independence, from each of independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE AGREEMENTS

Each of Mr. Sun Shao Feng, Mr. Kung Sze Wai and Mr. Leung Kwok Fai Ben Rich entered into a service agreement with the Company on 20 December 2003 for an initial term of three years commenced on 13 January 2004, the date of commencement of listing of the shares of the Company on the Stock Exchange, and shall continue thereafter the expiration of the said three years term unless and until terminated by either party giving to the other not less than six months' notice in writing.

Each of Mr. Nie Xing and Mr. Ip Siu Kay entered into a service agreement with the Company on 5 November 2008 for an initial term of three years commenced on 5 November 2008 and shall continue thereafter the expiration of the said three years term unless and until terminated by either party giving to the other not less than six months' notice in writing.

During the year under review, the total remunerations paid to respective directors are set out in note 8 to the financial statements.

Save as disclosed above, none of the Directors proposed for re-election at the 2009 AGM has unexpired service agreement which is determinable by the Company within one year without payment of compensation, other than statutory compensation.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Profiles of Directors and Senior Executives of the Group are set out on pages 21 to 25.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30 April 2009, the interest or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), are set out below:

Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ Short position	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Sun Shao Feng	Beneficial owner	Long position	8,400,000 (Note 1)	0.95%
	Controlled corporation	Long position	405,606,000 (Note 2)	45.88%
Total:			414,006,000	46.83%

Notes:

1. These 8,400,000 shares are derived from the interest in 8,400,000 share options granted by the Company, details of which are set out in the section headed "INTERESTS IN SHARE OPTIONS" below; and

2. These 405,606,000 ordinary shares of the Company are held through Capital Mate Limited ("Capital Mate"), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Sun Shao Feng.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS IN SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 12 December 2003. The purpose of the Scheme is to enable the Board to grant options to selected participants (as set in the Prospectus of the Company dated 31 December 2003) as incentives or rewards for their contributions to the Group. The principal terms of the Scheme are as follows:

(i) The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed ten (10) per cent. of the shares in issue on the adoption date of the Scheme, i.e. 12 December 2003 unless the Company obtains a fresh approval from its shareholders, and which must not aggregate exceed thirty (30) per cent. of the shares in issue from time to time. The ten (10) per cent limit was subsequently refreshed at the annual general meeting of the Company held on 23 September 2004 and 30 September 2008 respectively.

(ii) The total number of shares in respect of which options may be granted to each eligible participant in any 12-month period must not exceed one (1) per cent. of the issued share capital of the Company for the time being.

(iii) The subscription price shall be a price determined by the directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

(iv) An option may be accepted by an eligible participant within 21 days from the date of grant of the option. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant of the option.

(v) Subject to the discretion of the Board who may impose further restrictions on the exercise of the option as the Board think appropriate, an option may be exercised at any time.

    (a) in respect of option holders other than suppliers and customers, such period shall commence one (1) year after the date of grant and shall expire on the earlier of the last day of (i) a ten (10) years period from the date of grant and (ii) the expiration of the Scheme; and

    (b) in respect of option holders who are suppliers and customers, such period shall commence on the date of grant and expire one (1) year thereafter.

(vi) The Scheme will remain valid for a period of 10 years commencing on 12 December 2003.

Details of movement of the share options during the year ended 30 April 2009 under the Scheme are as follows:

Name or category of participants	Number of share options: Balance as at 1 May 2008	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 April 2009	Exercise price (HK$)	Date of Grant	Exercisable Period
Director								
Mr. Sun Shao Feng	8,400,000	–	–	–	8,400,000	7.29	30 May 2007	30 May 2008 to 11 Dec 2013##
Sub-total	8,400,000	–	–	–	8,400,000			
Employees								
	9,360,000	–	1,485,000	–	7,875,000	3.50	19 April 2006	19 April 2007 to 11 Dec 2013#
	10,500,000	–	–	–	10,500,000	7.29	30 May 2007	30 May 2008 to 11 Dec 2013##
	600,000	–	–	–	600,000	8.50	3 April 2008	3 April 2009 to 11 Dec 2013###
Sub-total	20,460,000	–	1,485,000	–	18,975,000			
Total	28,860,000	–	1,485,000	–	27,375,000			

70% of the share options are exercisable from 19 April 2007 and the remaining 30% are exercisable from 19 April 2008 to 11 December 2013.

70% of the share options are exercisable from 30 May 2008 and the remaining 30% are exercisable from 30 May 2009 to 11 December 2013.

70% of the share options are exercisable from 3 April 2009 and the remaining 30% are exercisable from 3 April 2010 to 11 December 2013.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the headings "Share Options" above, at no time during the year was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any or its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 April 2009, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Interests and short position in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	Number of ordinary shares held	Percentage of the Company's issued share capital
Capital Mate Limited ("Capital Mate") (Note)	Beneficial owner	Long Position	405,606,000	45.88%
Invesco Hong Kong Limited	Investment Manager	Long Position	62,218,083	7.03%

Note: Capital Mate, a company incorporated in the British Virgin Islands with limited liability is wholly and beneficially owned by Mr. Sun Shao Feng. Hence, Mr. Sun is deemed to be interested in these 405,606,000 ordinary shares of the Company owned by Capital Mate.

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Apart from the information disclosed under the heading "Connected Transactions" below, there was no other contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted at the end of the year or at any time during the year, and in which a Director had, whether directly or indirectly, a material interest, nor there was any other contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2009, none of the Directors of the Company is interested in any business which competes or is likely to compete, either directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS

Significant related party transactions which also constitute connected transactions under the Listing Rules, entered into by the Group during the year are disclosed in note 32 to the financial statements. Other than disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 30 April 2009.

RETIREMENT SCHEME ARRANGEMENT

Particulars of the Group's retirement scheme are set out in note 13 to the financial statements.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was, as last year, less than 30% of the Group's purchases.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 10% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 3% of the Group's turnover for the year.

None of the Directors, their associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's share capital, had an interest in any of the five largest customers.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 12 December 2003, and currently comprising of three independent non-executive Directors, Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong. The primary duties of the Audit Committee are to review the financial reporting process of the Group. During the year ended 30 April 2009, the Audit Committee held two meetings to review with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. In addition, the Audit Committee has reviewed the final results of the Group for the year ended 30 April 2009.

SUBSEQUENT EVENTS

There is no significant event subsequent to the balance sheet date as at 30 April 2009.

AUDITOR

A resolution will be proposed at the 2009 AGM to re-appoint CCIF CPA Limited as auditor.

On behalf of the Board

Sun Shao Feng
Chairman

Hong Kong, 24 August 2009

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA GREEN (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Green (Holdings) Limited (the "Company") set out on pages 37 to 107, which comprise the consolidated and company balance sheets as at 30 April 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 24 August 2009

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2009

	Note	2009 RMB'000	2008 RMB'000
Turnover	4	**1,547,659**	1,267,094
Cost of sales		**(747,545)**	(590,450)
Gross profit		**800,114**	676,644
Other revenue and other net income	5	**23,228**	58,282
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		**19,489**	19,942
Selling and distribution expenses		**(152,277)**	(125,157)
General and administrative expenses		**(141,503)**	(119,367)
Profit from operations		**549,051**	510,344
Finance costs	6(a)	**(53,714)**	(26,598)
Profit before taxation	6	**495,337**	483,746
Income tax	7	**(40,412)**	(12,794)
Profit attributable to equity shareholders of the Company	10	**454,925**	470,952
Dividends payable to equity shareholders of the Company attributable to the year:	11		
Interim dividend declared during the year		**56,829**	53,793
Final dividend proposed after the balance sheet date		**56,829**	71,315
		113,658	125,108
Earnings per share	12		
– Basic		**RMB51.5 cents**	RMB53.8 cents
– Diluted		**RMB51.3 cents**	RMB50.6 cents

The notes on pages 43 to 107 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 April 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15	**895,918**	523,390
– Interests in leasehold land held for own use under operating leases	16	**229,400**	152,330
Long-term prepaid rentals	17	**856,672**	113,078
		1,981,990	788,798
Current assets			
Financial assets at fair value through profit or loss	19	**–**	138,913
Inventories	20	**21,626**	26,158
Biological assets	21	**50,434**	43,059
Current portion of long-term prepaid rentals	17	**43,197**	38,175
Trade and other receivables	22	**49,696**	34,732
Bank deposits matured over 3 months		**90,173**	–
Cash and cash equivalents	23	**1,344,330**	2,097,974
		1,599,456	2,379,011
Current liabilities			
Due to directors	24	**1,744**	6,046
Trade and other payables	25	**82,059**	24,056
Tax payable	26(a)	**10,432**	54,902
		94,235	85,004
Net current assets		**1,505,221**	2,294,007
Total assets less current liabilities		**3,487,211**	3,082,805
Non current liabilities			
Convertible bonds	27	**896,899**	843,185
Deferred tax liabilities	26(b)	**17,483**	–
		914,382	843,185
NET ASSETS		**2,572,829**	2,239,620
CAPITAL AND RESERVES	28		
Share capital		**92,236**	92,105
Reserves		**2,480,593**	2,147,515
TOTAL EQUITY		**2,572,829**	2,239,620

Approved and authorised for issue by the board of directors on 24 August 2009.

Sun Shao Feng
Director

Ip Siu Kay
Director

The notes on pages 43 to 107 form an integral part of these financial statements.

BALANCE SHEET

As at 30 April 2009

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15	**357**	444
Investments in subsidiaries	18	**246,988**	251,055
		247,345	251,499
Current assets			
Trade and other receivables	22	**1,354,330**	877,036
Financial assets at fair value through profit or loss	19	**–**	138,913
Bank deposits matured over 3 months		**90,173**	–
Cash and cash equivalents	23	**356,621**	742,449
		1,801,124	1,758,398
Current liabilities			
Due to directors	24	**1,744**	5,292
Trade and other payables	25	**754**	975
		2,498	6,267
Net current assets		**1,798,626**	1,752,131
Total assets less current liabilities		**2,045,971**	2,003,630
Non-current liabilities			
Convertible bonds	27	**896,899**	843,185
NET ASSETS		**1,149,072**	1,160,445
CAPITAL AND RESERVES	28		
Share capital		**92,236**	92,105
Reserves		**1,056,836**	1,068,340
TOTAL EQUITY		**1,149,072**	1,160,445

Approved and authorised for issue by the board of directors on 24 August 2009.

Sun Shao Feng
Director

Ip Siu Kay
Director

The notes on pages 43 to 107 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2009

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Merger reserve RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 May 2007		88,921	592,241	101,011	14,694	18,866	4,067	(15,480)	881,216	1,685,536
Net income/(expense) recognised directly in equity:										
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(35,722)	–	(35,722)
Profit for the year		–	–	–	–	–	–	–	470,952	470,952
		–	–	–	–	–	–	(35,722)	470,952	435,230
Other changes in equity:										
Equity-settled share-based payment		–	–	–	–	33,593	–	–	–	33,593
Equity component of convertible bonds issued		–	–	–	–	–	94,040	–	–	94,040
Shares issued upon exercise of share options	28(b)(iii)	990	42,915	–	–	(9,270)	–	–	–	34,635
Shares issued upon conversion of convertible bonds	28(b)(ii)	2,194	61,558	–	–	–	(4,067)	–	–	59,685
Profit appropriation to PRC statutory reserve		–	–	39,035	–	–	–	–	(39,035)	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(49,306)	(49,306)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	–	(53,793)	(53,793)
As at 30 April 2008		92,105	696,714	140,046	14,694	43,189	94,040	(51,202)	1,210,034	2,239,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2009

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Merger reserve RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 May 2008		92,105	696,714	140,046	14,694	43,189	94,040	(51,202)	1,210,034	2,239,620
Net income recognised directly in equity:										
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(9,724)	–	(9,724)
Profit for the year		–	–	–	–	–	–	–	454,925	454,925
		–	–	–	–	–	–	(9,724)	454,925	445,201
Other changes in equity:										
Equity-settled share-based payment		–	–	–	–	10,324	–	–	–	10,324
Shares issued upon exercise of share options	28(b)(iii)	131	5,818	–	–	(1,372)	–	–	–	4,577
Profit appropriation to PRC statutory reserve		–	–	7,720	–	–	–	–	(7,720)	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(70,064)	(70,064)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	–	(56,829)	(56,829)
As at 30 April 2009		92,236	702,532	147,766	14,694	52,141	94,040	(60,926)	1,530,346	2,572,829

The notes on pages 43 to 107 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2009

	Note	2009 RMB'000	2009 RMB'000	2008 RMB'000	2008 RMB'000
Operating activities					
Cash generated from operations	23(b)	**636,692**		597,220	
Tax paid					
PRC enterprise income tax paid		**(67,399)**		(25,488)	
Net cash generated from operating activities			**569,293**		571,732
Investing activities					
Payments for purchase of fixed assets		**(461,067)**		(174,335)	
Proceeds on disposal of fixed assets		**–**		30	
Payments of long-term prepaid rentals		**(793,270)**		(60,680)	
Payment for purchase of financial assets at fair value through profit or loss		**–**		(139,471)	
Proceeds from disposal of financial assets at fair value through profit or loss		**137,021**		–	
Increase in bank deposits matured over 3 months		**(90,173)**		–	
Interest received		**20,157**		21,535	
Net cash used in investing activities			**(1,187,332)**		(352,921)
Financing activities					
Net proceeds from issuance of convertible bonds		**–**		911,664	
Proceeds from shares issued upon exercise of share options		**4,577**		34,635	
Interest paid		**–**		(236)	
Dividends paid		**(126,893)**		(103,099)	
Net cash (used in)/generated from financing activities			**(122,316)**		842,964
Net (decrease)/increase in cash and cash equivalents			**(740,355)**		1,061,775
Cash and cash equivalents at 1 May			**2,097,974**		1,050,537
Effect of foreign exchange rate changes			**(13,289)**		(14,338)
Cash and cash equivalents at 30 April	23(a)		**1,344,330**		2,097,974

The notes on pages 43 to 107 form an integral part of these financial statements.

1. GENERAL INFORMATION

China Green (Holdings) Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 18 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2009 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below.

– biological assets (see note 2(i)); and

– financial assets at fair value through profit or loss (see note 2 (g)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of preparation of the financial statements (continued)

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency'). The consolidated financial statements are presented in Renminbi ("RMB"). Most of the companies comprising the Group are operating in a Renminbi environment. The functional currency of most of the companies comprising the Group is RMB. All financial information presented in RMB has been rounded to the nearest thousand.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 34.

c) 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.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(f)), unless the investment is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(f)):

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(e)); and

– other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(s)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	$3\frac{1}{3}$%-6%
Leasehold improvements	10%-20%
Infrastructure on cultivation bases	5%-20%
Machinery	5%-10%
Furniture, fixtures and office equipment	5%-20%
Motor vehicles	20%-30%

No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

f) Impairment of assets

(i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

(i) Impairment of financial assets (continued)

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to indentify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– Property, plant and equipment;

– Pre-paid interests in leasehold land classified as being held under an operating lease;

– Long-term prepaid rentals; and

– Investments in subsidiaries (except for those classified as being held for sale).

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

g) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets at fair value through profit or loss (continued)

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

h) Inventories

Inventories comprising raw materials, agricultural materials, consumable and packing material, processing agricultural produce and finished goods are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of processing agricultural produce, labour and indirect overheads, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

i) Biological assets

Biological assets are the growing crops of the Group on the cultivation bases. Biological assets are measured at fair value less estimated point-of-sale costs on initial recognition and at each balance sheet date. The fair value of biological assets is determined based on the current market price with reference to the species, growing condition, cost incurred and expected yield of the crops.

The agricultural produce is initially measured at fair value less estimated point-of-sale costs at the time of harvest. The fair value of agricultural produce is determined based on market prices in the local market. The fair value less estimated point-of-sale costs at the time of harvest is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on recognition of biological assets and agricultural produce is dealt with in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see 2(f)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

k) Convertible bonds

Convertible bonds that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bonds reserve until either the note is converted or redeemed.

If the bond is converted, the convertible bonds reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the convertible bonds reserve is released directly to retained profits.

l) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share-based compensation reserve within equity. The fair value is measured at grant date using the binomial option pricing model (the "Binomial Model"), taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires or is forfeited (when it is released directly to retained profits).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised directly in equity.

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

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

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

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

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

  - the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Provisions and contingent liabilities

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

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

q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue is net of value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Translation of foreign currencies (continued)

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Renminbi at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised directly in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

t) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(s)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

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

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

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

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

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

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

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

v) Segment reporting

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

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Segment reporting (continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- HK(IFRIC) – Int 11 "HKFRS 2 – Group and Treasury Share Transactions"
- HK(IFRIC) – Int 12 "Service Concession Arrangements"
- HK(IFRIC) – Int 14 "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"
- Amendment to HKAS 39 "Financial Instruments: Recognition and Measurement" and HKFRS 7 "Financial Instruments: Disclosures" – Reclassification of Financial Assets

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 35).

4. TURNOVER

The Group is principally engaged in the growing and sales of agricultural products.

Turnover represents sales value of agricultural products supplied to customers, which is net of value-added tax and other sales taxes, less returns and discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	RMB'000	RMB'000
Sales of agricultural products		
Fresh produce	**410,560**	360,109
Processed products	**353,681**	278,260
Pickled products	**274,822**	196,631
Rice products	**90,079**	88,268
Rice flour products	**98,260**	95,260
Beverage products	**234,880**	184,765
Instant noodles	**85,377**	63,801
	1,547,659	1,267,094

5. OTHER REVENUE AND OTHER NET INCOME

	2009	2008
	RMB'000	RMB'000
Other revenue		
Total interest income on financial assets not at fair value through profit or loss – interest income from bank	**21,661**	28,976
Handling income	**–**	704
Other trading income	**892**	–
Sundry income	**127**	185
	22,680	29,865
Other net income		
Net gain on disposal of property, plant and equipment	**–**	26
Net foreign exchange gain	**–**	28,391
Gain on disposal of financial assets at fair value through profit or loss	**548**	–
	23,228	58,282

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging/(crediting) the following:

	2009 RMB'000	2008 RMB'000
a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible bonds	**53,714**	26,598
b) Staff costs		
Contributions to defined contribution retirement plans	**1,378**	505
Equity-settled share-based payment expenses	**10,324**	33,593
Salaries, wages and other benefits	**150,151**	130,667
	161,853	164,765
c) Other items		
Amortisation of land lease premium	**3,986**	1,643
Amortisation of long-term prepaid rentals	**44,654**	37,174
Depreciation of property, plant and equipment	**79,327**	55,397
Operating lease charges: minimum lease payments		
– property rentals	**5,237**	2,228
Research and development expenses	**52,257**	31,862
Auditors' remuneration		
– audit services	**748**	860
Cost of inventories sold	**747,545**	590,450
Net foreign exchange loss	**6,599**	–
Loss on disposal of property, plant and equipment	**15**	–
Loss on changes in fair value of financial assets at fair value through profit or loss	**–**	558

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2009 RMB'000	2008 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	**62,825**	31,196
Over-provision in respect of prior years	**(39,896)**	(18,402)
Deferred tax		
Origination and reversal of temporary differences	**17,483**	–
	40,412	12,794

(i) PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 33% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC on or before 31 December 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which takes effect on 1 January 2008. As a result of the New Tax Law, the PRC Enterprise Income Tax rate applicable to the Company's subsidiaries in the PRC is reduced from 33% to 25%.

In accordance with the relevant PRC tax rules and regulations, certain of the Company's PRC subsidiaries are exempt from PRC Enterprise Income Tax for two consecutive years from their first profit making year, and are entitled to a 50% relief on the PRC Enterprise Income Tax for the following three years ("Tax Holidays"). Pursuant to the transitional arrangement under the New Tax Law, certain PRC subsidiaries will continue to enjoy the tax-exemption or 50% relief on the applicable PRC Enterprise Income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted, and thereafter they are subject to the unified rate of 25%. For those enterprises whose Tax Holidays had not commenced due to lack of taxable profit, such preferential tax treatment would commence from 1 January 2008.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

(a) Income tax in the consolidated income statement represents: (continued)

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2009 and 2008 has been made as the Group has no estimated assessable profits arising in Hong Kong for the both years.

(iii) Other Income Tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2009 **RMB'000**	2008 RMB'000
Profit before taxation	**495,337**	483,746
Notional tax on profit before taxation, calculated at rates applicable to profits in the countries concerned	**129,844**	123,337
Tax effect of operating loss of Group companies not subject to income tax	**12,232**	5,601
Tax effect of non-taxable income	**(4,977)**	(1,034)
Tax effect of profit exempted from income tax as a result of tax benefit	**(90,541)**	(102,943)
Withholding tax on profits distributed by the PRC subsidiaries	**17,483**	–
Tax effect of unused tax losses not recognised	**11,121**	6,235
Over-provision in prior years	**(39,896)**	(18,402)
Others	**5,146**	–
Actual tax expense	**40,412**	12,794

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	For the year ended 30 April 2009					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment (note) RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors						
Sun Shao Feng	–	875	4,033	7	2,015	6,930
Kung Sze Wai	–	317	–	11	1,964	2,292
Leung Kwok Fai, Ben Rich	–	106	–	6	26	138
Nie Xing (appointed on 5 November 2008)	–	413	–	1	88	502
Ip Siu Kay (appointed on 5 November 2008)	–	258	–	5	44	307
Independent non-executive directors						
Hu Ji Rong	30	–	–	–	–	30
Lin Chuan Bi (resigned on 5 November 2008)	9	–	–	–	–	9
Zheng Bao Dong	26	–	–	–	–	26
Huang Zhi Gang (appointed on 12 January 2009)	8	–	–	–	–	8
Lu Hong Te (appointed on 5 November 2008 and resigned on 25 March 2009)	35	–	–	–	–	35
	108	1,969	4,033	30	4,137	10,277

8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2008					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment (note) RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors						
Sun Shao Feng	–	3,738	14,901	–	–	18,639
Kung Sze Wai	–	312	–	11	2,716	3,039
Leung Kwok Fai, Ben Rich	–	102	–	5	27	134
Independent non-executive directors						
Hu Ji Rong	30	–	–	–	–	30
Lin Chuan Bi	22	–	–	–	–	22
Zheng Bao Dong	26	–	–	–	–	26
	78	4,152	14,901	16	2,743	21,890

No directors of the Company waived any emoluments and no emoluments was paid or payable by the Group as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2009 and 2008.

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policy for share-based payment transactions as set out in note 2(n)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 29.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, three (2008: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2008: three) individuals are as follows:

	2009 RMB'000	2008 RMB'000
Salaries and other emoluments	**1,319**	5,770
Discretionary bonuses	**31**	11
Share-based payments	**–**	–
Retirement scheme contributions	**20**	7
	1,370	5,788

The emoluments of the two (2008: three) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2009	2008
HK$	RMB equivalent		
Nil-1,000,000	Nil-881,000	**2**	2
5,500,001-6,000,000	4,843,001-5,284,000	**–**	1

10. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB82,000,000 (2008: RMB60,374,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2009 RMB'000	2008 RMB'000
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	**(82,000)**	(60,374)
Interim dividends from subsidiaries attributable to the profits of the current financial year, approved during the year	**203,000**	235,000
Company's profit for the year (note 28(a))	**121,000**	174,626

11. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2009 RMB'000	2008 RMB'000
Interim dividend declared and paid of HK$0.073 (equivalent to approximately RMB0.064) (2008: HK$0.068) per ordinary share	**56,829**	53,793
Final dividend proposed of HK$0.073 (equivalent to approximately RMB0.064) (2008: HK$0.090) per ordinary share	**56,829**	71,315
	113,658	125,108

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

11. DIVIDENDS (continued)

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2009 RMB'000	2008 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.090 (2008: HK$0.063) per ordinary share	**70,064**	49,306

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB454,925,000 (2008: 470,952,000) and the weighted average number of 883,807,707 ordinary shares (2008: 875,537,254 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2009 Number of ordinary shares	2008 Number of ordinary shares
Issued ordinary shares at 1 May	**882,550,543**	847,028,433
Effect of issuance of shares under share option scheme	**1,257,164**	10,223,342
Effect of issuance of shares upon conversion of convertible bonds	**–**	18,285,479
Weighted average number of ordinary shares at 30 April	**883,807,707**	875,537,254

12. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB454,925,000 (2008: RMB497,550,000) and the weighted average number of 887,625,499 ordinary shares (2008: 983,063,788 ordinary shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2009	2008
	RMB'000	RMB'000
Profit attributable to ordinary equity shareholders	**454,925**	470,952
After tax effect of effective interest on liability component of convertible bonds	**–**	26,598
Profit attributable to ordinary equity shareholders (diluted)	**454,925**	497,550

(ii) Weighted average number of ordinary shares (diluted)

	2009	2008
	Number of ordinary shares	Number of ordinary shares
Weighted average number of ordinary shares at 30 April	**883,807,707**	875,537,254
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**3,817,792**	8,778,908
Effect of conversion of convertible bonds	**–**	98,747,626
Weighted average number of ordinary shares at 30 April	**887,625,499**	983,063,788

During the year ended 30 April 2009, the computation of diluted earnings per share did not assume the conversion of the Company's outstanding convertible bonds since such conversion would result in an increase in diluted earnings per share.

13. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

In addition, the Group's subsidiaries in the PRC participate in a defined contribution retirement scheme organised by the PRC municipal government. These subsidiaries are required to make contributions to the scheme.

Save as disclosed above, the Group has no other obligations to make payments in respect of retirement benefits of the employees during the year.

For the year ended 30 April 2009, the Group's retirement plan contributions amounted to approximately RMB1,378,000 (2008: RMB505,000).

14. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

During the year under review, the Group principally operates a single business segment which is growing and sales of agricultural products. Accordingly, no business segment information is presented.

The analysis of the turnover and result of each category of agricultural products is as follows:

	2009 **RMB'000**	2008 RMB'000
Turnover arising from sales of agricultural products		
Fresh produce	**410,560**	360,109
Processed products	**353,681**	278,260
Pickled products	**274,822**	196,631
Rice products	**90,079**	88,268
Rice flour products	**98,260**	95,260
Beverage products	**234,880**	184,765
Instant noodles	**85,377**	63,801
	1,547,659	1,267,094

14. SEGMENT REPORTING (continued)

(a) Business segments (continued)

	2009 RMB'000	2008 RMB'000
Gross profit of agricultural products		
Fresh produce	**209,750**	186,090
Processed products	**194,444**	161,148
Pickled products	**143,885**	114,342
Rice products	**26,408**	26,336
Rice flour products	**49,690**	51,144
Beverage products	**137,182**	108,822
Instant noodles	**38,755**	28,762
	800,114	676,644

(b) Geographical segments

The Group's operations are principally located in Hong Kong and the PRC. The Group's administrative function is carried out in Hong Kong and the PRC, and the operating activities are carried out mainly in the PRC.

An analysis of the Group's turnover and result by geographical location of customers for the year is as follows:

	2009 RMB'000	2008 RMB'000
Turnover from external customers		
Japan	**329,942**	348,388
PRC	**815,974**	671,468
Other Asian countries	**170,798**	95,782
Europe	**175,481**	124,596
Australia	**7,343**	4,207
America	**23,308**	11,408
Africa	**24,813**	11,245
	1,547,659	1,267,094

14. SEGMENT REPORTING (continued)

(b) Geographical segments (continued)

	2009 RMB'000	2008 RMB'000
Segment result		
Japan	**182,079**	205,678
PRC	**404,767**	331,208
Other Asian countries	**89,217**	54,153
Europe	**94,751**	70,497
Australia	**4,100**	2,402
America	**12,531**	6,340
Africa	**12,669**	6,366
	800,114	676,644

Over 90% of the Group's assets are principally located in the PRC. Accordingly, no geographical analysis of segment assets and capital expenditure is presented.

15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings RMB'000	Infrastructure on cultivation bases RMB'000	Leasehold improvement RMB'000	Machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost:								
At 1 May 2007	128,929	174,402	–	186,064	10,465	2,366	59,899	562,125
Exchange realignment	–	–	–	–	(23)	–	–	(23)
Additions	866	8,888	–	4,643	8,406	644	79,880	103,327
Transfer from/(to)	4,648	36,564	–	16,208	10,001	–	(67,421)	–
Disposals	–	–	–	–	(81)	(302)	–	(383)
At 30 April 2008	134,443	219,854	–	206,915	28,768	2,708	72,358	665,046
At 1 May 2008	134,443	219,854	–	206,915	28,768	2,708	72,358	665,046
Exchange realignment	–	–	–	–	(11)	–	–	(11)
Additions	133,962	18,110	78,315	99,986	9,849	1,560	110,096	451,878
Transfer from/(to)	–	65,838	2,000	14,677	–	–	(82,515)	–
Disposals	(1,264)	–	–	(4)	(262)	(73)	–	(1,603)
Reclassification	–	15,321	–	–	(15,321)	–	–	–
At 30 April 2009	267,141	319,123	80,315	321,574	23,023	4,195	99,939	1,115,310
Accumulated depreciation:								
At 1 May 2007	9,841	48,447	–	23,426	3,751	1,183	–	86,648
Exchange realignment	–	–	–	–	(10)	–	–	(10)
Charge for the year	6,478	27,710	–	17,589	3,287	333	–	55,397
Written back on disposals	–	–	–	–	(77)	(302)	–	(379)
At 30 April 2008	16,319	76,157	–	41,015	6,951	1,214	–	141,656
At 1 May 2008	16,319	76,157	–	41,015	6,951	1,214	–	141,656
Exchange realignment	–	–	–	–	(3)	–	–	(3)
Charge for the year	11,815	41,890	3,140	20,236	1,637	609	–	79,327
Written back on disposals	(1,264)	–	–	(3)	(262)	(59)	–	(1,588)
Reclassification	–	1,718	–	–	(1,718)	–	–	–
At 30 April 2009	26,870	119,765	3,140	61,248	6,605	1,764	–	219,392
Carrying amount:								
At 30 April 2009	240,271	199,358	77,175	260,326	16,418	2,431	99,939	895,918
At 30 April 2008	118,124	143,697	–	165,900	21,817	1,494	72,358	523,390

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group (continued)

Note:

(i) All of the Group's buildings are located in the PRC.

(ii) Analysis of construction-in-progress is as follows:

	2009	2008
	RMB'000	RMB'000
Construction cost of building structure	**34,007**	18,286
Construction cost of infrastructure on cultivation bases	**57,117**	43,897
Cost of machinery pending installation	**8,815**	10,175
	99,939	72,358

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The Company

	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:			
At 1 May 2007	250	128	378
Exchange realignment	(23)	–	(23)
Additions	368	–	368
Disposals	–	(128)	(128)
At 30 April 2008	595	–	595
At 1 May 2008	595	–	595
Exchange realignment	(11)	–	(11)
Additions	26	–	26
At 30 April 2009	610	–	610
Accumulated depreciation:			
At 1 May 2007	109	128	237
Exchange realignment	(10)	–	(10)
Charge for the year	52	–	52
Written back on disposals	–	(128)	(128)
At 30 April 2008	151	–	151
At 1 May 2008	151	–	151
Exchange realignment	(3)	–	(3)
Charge for the year	105	–	105
At 30 April 2009	253	–	253
Carrying amount:			
At 30 April 2009	357	–	357
At 30 April 2008	444	–	444

16. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group

	2009 RMB'000	2008 RMB'000
Cost:		
At 1 May	**157,756**	86,748
Additions	**81,056**	71,008
At 30 April	**238,812**	157,756
Accumulated amortisation:		
At 1 May	**5,426**	3,783
Amortisation for the year	**3,986**	1,643
At 30 April	**9,412**	5,426
Carrying amount:		
At 30 April	**229,400**	152,330

Leasehold land is situated in the PRC and held on medium-term lease.

17. LONG-TERM PREPAID RENTALS

The Group

This represents the prepayment of long-term rentals of cultivation bases as at the financial year end date under operating leases. The movement of the long-term prepaid rentals is summarised as follows:

	2009 RMB'000	2008 RMB'000
Cost:		
At 1 May	**303,956**	243,276
Additions	**793,270**	60,680
At 30 April	**1,097,226**	303,956
Accumulated amortisation:		
At 1 May	**152,703**	115,529
Amortisation for the year	**44,654**	37,174
At 30 April	**197,357**	152,703
Carrying amount:		
At 30 April	**899,869**	151,253

Analysis of long-term prepaid rentals is as follows:

	2009 RMB'000	2008 RMB'000
Non-current portion	**856,672**	113,078
Current portion	**43,197**	38,175
Carrying amount at 30 April	**899,869**	151,253

The carrying value of the long-term prepaid rentals for fruit farms was RMB149,863,000 (2008: RMB16,513,000) as at 30 April 2009.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	2009 RMB'000	2008 RMB'000
Unlisted shares, at cost		
At 1 May	**251,055**	276,167
Additions	**343**	–
Exchange realignment	**(4,410)**	(25,112)
At 30 April	**246,988**	251,055

Details of subsidiaries as at 30 April 2009 are as follows:

Name of company	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiary	Principal activities
China Green Food Group Limited	Hong Kong	HK$10,000	100%	100%	–	Dormant
Crop Harvest Enterprises Limited	British Virgin Islands	US$50,000	100%	100%	–	Investment holding
Dragon Choice Enterprises Limited	British Virgin Islands	US$50,000	100%	100%	–	Investment holding
Goldprosper Enterprises Limited	British Virgin Islands	US$50,000	100%	100%	–	Investment holding
China Green Harvest Enterprises Limited	British Virgin Islands	US$50,000	100%	100%	–	Investment holding
Icatrad Enterprises Limited	British Virgin Islands	US$50,000	100%	100%	–	Investment holding
On Success Enterprises Limited	British Virgin Islands	US$50,000	100%	100%	–	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

18. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2009 are as follows: (continued)

Name of company	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest Group's effective holding	Held by the Company	Held by subsidiary	Principal activities
Summit Achieve Holdings Limited	British Virgin Islands	US$50,000	100%	100%	–	Dormant
China Green Foods Group Co., Ltd. (note (i))	The PRC	HK$250,000,000	100%	–	100%	Investment holding
China Green Food Science Technique Limited (note (i))	The PRC	HK$40,000,000	100%	–	100%	Sales of agricultural products
China Green (Fujian) Food Import & Export Co. Limited (note (ii))	The PRC	HK$11,680,000	100%	–	100%	Trading of agricultural products
China Green Resources (Xiamen) Sales Company Limited (note (i))	The PRC	US$2,000,000	100%	–	100%	Dormant
China Green (Xiamen) Logistics Company Limited (note (i))	The PRC	US$8,000,000	100%	–	100%	Trading of agricultural products
Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited (note (ii))	The PRC	RMB68,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Fujian) Food Industry Limited (note (i))	The PRC	USD2,565,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Hebei) Food Development Limited (note (ii))	The PRC	USD1,446,000	100%	–	100%	Growing, processing and sales of agricultural products

18. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2009 are as follows: (continued)

Name of company	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiary	Principal activities
Zhonglu (Hubei) Food Development Limited (note (ii))	The PRC	RMB10,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Quanzhou) Green Foods Development Co. Ltd. (note (ii))	The PRC	HK$50,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Shanghai) Industry Investment Limited (note (i))	The PRC	US$10,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Hubei) Industry Development Limited (note (i))	The PRC	HK$150,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Shanghai Zhonglu Foodstuff Co., Ltd. (note (iii))	The PRC	RMB3,000,000	100%	–	100%	Dormant
Fengxin Zhonglu Biyun Organic Rice Science Technology Limited (note (iii))	The PRC	RMB20,040,080	100%	–	100%	Dormant

Notes:

(i) These entities were established in the PRC in the form of wholly foreign owned enterprises.

(ii) These entities were established in the PRC in the form of sino foreign equity joint venture enterprises.

(iii) These entities were established in the PRC in the form of limited liability enterprises.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	2009 RMB'000	2008 RMB'000
Unlisted marketable debt securities, at market value	–	138,913

20. INVENTORIES

The Group

Inventories represent the following:

	Note	2009 RMB'000	2008 RMB'000
Raw materials	(i)	4,251	4,999
Agricultural materials	(ii)	1,664	3,344
Consumable and packing materials	(iii)	5,006	5,150
Work-in-progress	(iv)	9,613	11,898
Finished goods		1,092	767
Total		21,626	26,158

Notes:

(i) Raw materials mainly comprise uncooked rice and rice flour purchased for further processing and resale purpose.

(ii) Agricultural materials include seeds, fertilisers, pesticides and processing materials not yet consumed as at the balance sheet date.

(iii) Consumable and packing materials include office materials, packing materials and other consumable materials not yet consumed as at the balance sheet date.

(iv) Work-in-progress includes processing agricultural products but not yet ready to sell.

(v) As at 30 April 2009, the carrying amount of inventories carried at fair value less costs to sell amounted to RMB9,613,000 (2008: RMB11,898,000).

21. BIOLOGICAL ASSETS

(a) Reconciliation of carrying amount of the Group's biological assets:

	2009 RMB'000	2008 RMB'000
At 1 May	**43,059**	39,337
Gain arising from changes in fair value less estimated point-of-sale costs		
– included in inventories	**2,074**	3,469
– included in cost of sales	**192,125**	153,253
– on the face of the consolidated income statement	**19,489**	19,942
Increase due to plantation	**211,095**	153,006
Decrease due to harvest	**(417,408)**	(325,948)
At 30 April	**50,434**	43,059

(b) The Group's biological assets represent the growing vegetables and fruit as follows:

	2009 RMB'000	2008 RMB'000
Vegetables	**36,792**	29,550
Fruit	**13,642**	13,509
	50,434	43,059

(c) The analysis of carrying amount of biological assets is as follows:

	2009 RMB'000	2008 RMB'000
At fair value less estimated point-of-sale costs	**50,434**	43,059

Vegetables and fruit were stated at fair value less estimated point-of-sale costs as at 30 April 2009 and 2008. The fair value was determined based on the market price of respective matured produce in the local market adjusted with reference to the growing conditions, cost incurred and to be incurred and expected yield of the crops.

21. BIOLOGICAL ASSETS (continued)

(d) **The quantity and amount of agricultural produce harvested measured at fair value less estimated point-of-sale costs during the year were as follows:**

	2009		2008	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable and rice	**326,460**	**385,390**	277,137	295,251
Fruit	**16,372**	**32,018**	22,490	30,697
	342,832	**417,408**	299,627	325,948

22. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Amounts due from subsidiaries	**–**	–	**1,346,842**	869,940
Trade receivables	**13,197**	13,666	**–**	–
Interest receivable	**8,174**	6,670	**6,921**	6,670
Other receivables	**5**	47	**5**	–
Loans and receivables	**21,376**	20,383	**1,353,768**	876,610
Deposits paid for acquisition of fixed assets	**5,244**	10,000	**–**	–
Rental and other deposits	**966**	692	**562**	426
Trade deposits	**56**	105	**–**	–
Prepayments	**9,265**	3,552	**–**	–
Value added tax recoverable	**12,789**	–	**–**	–
	49,696	34,732	**1,354,330**	877,036

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

All of the trade and other receivables, apart from rental and other deposits, are expected to be recovered or recognised as expenses within one year.

22. TRADE AND OTHER RECEIVABLES (continued)

a) An ageing analysis of trade receivables is as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Within 1 month	**13,197**	13,666

Trade receivables are due within 30 days from the date of billing. Further details on the Group's credit policy are set out in note 30(a).

b) Trade receivables that are not impaired

Trade receivables that are neither individually nor collectively considered to be impaired are aged within 30 days.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

23. CASH AND CASH EQUIVALENTS

a) Cash and cash equivalents comprise:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank	**1,343,972**	2,097,649	**356,621**	742,449
Cash on hand	**358**	325	**–**	–
Cash and cash equivalents in the balance sheets and consolidated cash flow statement	**1,344,330**	2,097,974	**356,621**	742,449

23. CASH AND CASH EQUIVALENTS (continued)

b) Reconciliation of profit before taxation to cash generated from operations:

	The Group	
	2009	2008
	RMB'000	RMB'000
Profit before taxation	**495,337**	483,746
Adjustments for:		
Amortisation of land lease premium	**3,986**	1,643
Amortisation of long-term prepaid rentals	**44,654**	37,174
Depreciation	**79,327**	55,397
Loss/(gain) on disposal of property, plant and equipment	**15**	(26)
Loss on changes in fair value of financial assets at fair value through profit or loss	**–**	558
Gain on disposal of financial assets at fair value through profit or loss	**(548)**	–
Gain on changes in fair value less estimated point-of-sale costs of biological assets	**(19,489)**	(19,942)
Interest income	**(21,661)**	(28,976)
Interest expenses	**53,714**	26,598
Amortisation of transaction costs on convertible bonds	**–**	1,299
Foreign exchange loss/(gain)	**6,043**	(28,391)
Equity-settled share-based payment expenses	**10,324**	33,593
	651,702	562,673
Changes in working capital:		
Decrease/(increase) in inventories	**4,532**	(11,838)
Decrease in biological assets	**12,114**	16,220
(Increase)/decrease in trade and other receivables	**(18,341)**	23,309
(Decrease)/increase in due to directors	**(4,209)**	5,227
(Decrease)/increase in trade and other payables	**(9,106)**	1,629
Cash generated from operations	**636,692**	597,220

24. DUE TO DIRECTORS

The amounts due to directors, are unsecured, interest-free and repayable on demand.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**2,308**	1,795	**–**	–
Accrued salaries and wages	**9,558**	8,833	**6**	123
Payable for the acquisition of fixed assets	**67,111**	9,016	**–**	–
Other accruals and payables	**1,117**	874	**748**	852
Financial liabilities measured at amortised cost	**80,094**	20,518	**754**	975
Other taxes payable	**1,965**	3,538	**–**	–
	82,059	24,056	**754**	975

All of the trade and other payables are expected to be settled within one year. An ageing analysis of trade payables is as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Within 1 month	**2,308**	1,795

26. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2009	2008
	RMB'000	RMB'000
At 1 May	**54,902**	67,596
Provision for the PRC Enterprise Income Tax for the year	**62,825**	31,196
Over-provision in respect of prior years	**(39,896)**	(18,402)
Tax paid during the year	**(67,399)**	(25,488)
At 30 April	**10,432**	54,902

b) Deferred tax liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Deferred tax arising from undistributed profits of foreign controlled entities:		
At 1 May	**–**	–
Charged to income statement	**17,483**	–
At 30 April	**17,483**	–

Deferred tax on undistributed profits of foreign controlled entities ("Withholding Tax")

Pursuant to the new Corporate Income Tax Law of the PRC and its implementation rules which took effect from 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No.1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax.

26. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (continued)

b) Deferred tax liabilities recognised: (continued)

As at 30 April 2009, deferred tax liabilities of approximately RMB17,483,000 (2008: Nil) have been recognised in respect of the withholding tax that would be payable on the distribution of the retained profits of the Company's PRC subsidiaries. Deferred tax liabilities of approximately RMB40,794,000 have not been recognised, as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Company's PRC subsidiaries for the year from 1 January 2008 to 30 April 2009 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2009.

c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB82,564,000 (2008: RMB38,079,000) as it is not probable that future taxable profits against which the tax losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under the current tax legislation.

27. CONVERTIBLE BONDS

The Group and the Company

a) Pursuant to a bond placement agreement dated 22 October 2007, the Company issued unsecured zero coupon convertible bonds ("Bond A") with an aggregate principal amount of RMB1,000,000,000 to independent investors on 29 October 2007. The bondholders have the rights to convert all or any portion of Bond A into ordinary shares of the Company at an initial conversion price of HK$11 per ordinary share at a fixed exchange rate HK$1.00 = RMB 0.9689 (subject to adjustment) at any time during the period beginning on and after 9 December 2007 to 22 October 2010.

On the maturity date, the outstanding convertible bonds will be redeemed by the Company at 104.6% of the principal amount.

Since the date of issue up to 30 April 2009, no Bond A has been converted into the Company's ordinary shares.

Interest expense on Bond A is calculated using the effective interest method by applying the effective interest rate of 5.886% per annum to the liability component of Bond A.

27. CONVERTIBLE BONDS (continued)

b) Pursuant to a bond placement agreement dated 25 January 2006, the Company issued unsecured convertible bonds ("Bond B") with an aggregate principal amount of HK$325,000,000 to independent investors on 26 January 2006. The initial conversion price is HK$2.6550 per ordinary share (subject to adjustment) at any time during the period from 26 January 2006 to 24 January 2011.

Bond B bears interest at 2.125% per annum payable by the Company semi-annually in arrear and the bonds will mature on 24 January 2011.

On the maturity date, the outstanding convertible bonds will be redeemed by the Company at 123.8% of the principal amount.

During the year ended 30 April 2008, Bond B with an aggregate principal amount of HK$65,000,000 were converted into the Company's new 24,482,110 ordinary shares. As at 30 April 2008, Bond B was fully converted into the Company's ordinary shares.

Interest expense on Bond B is calculated using the effective interest method by applying the effective interest rate of 7.42% per annum to the liability component of Bond B.

28. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Retained profits RMB'000	Exchange reserve RMB'000	Total RMB'000
At 1 May 2007		88,921	592,241	294,402	18,866	4,067	126	(46,200)	952,423
Net income/(expense) recognised directly in equity									
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(85,458)	(85,458)
Profit for the year		–	–	–	–	–	174,626	–	174,626
		–	–	–	–	–	174,626	(85,458)	89,168
Other changes in equity:									
Equity-settled share-based transactions		–	–	–	33,593	–	–	–	33,593
Equity components of convertible bonds		–	–	–	–	94,040	–	–	94,040
Shares issued upon exercise of share option	28(b)(iii)	990	42,915	–	(9,270)	–	–	–	34,635
Shares issued upon conversion of convertible bonds	28(b)(ii)	2,194	61,558	–	–	(4,067)	–	–	59,685
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	(49,306)	–	(49,306)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	(53,793)	–	(53,793)
At 30 April 2008		92,105	696,714	294,402	43,189	94,040	71,653	(131,658)	1,160,445
At 1 May 2008		92,105	696,714	294,402	43,189	94,040	71,653	(131,658)	1,160,445
Net income/(expense) recognised directly in equity:									
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(20,381)	(20,381)
Profit for the year		–	–	–	–	–	121,000	–	121,000
		–	–	–	–	–	121,000	(20,381)	100,619
Other changes in equity:									
Equity-settled share-based transactions		–	–	–	10,324	–	–	–	10,324
Shares issued upon exercise of share option	28(b)(iii)	131	5,818	–	(1,372)	–	–	–	4,577
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	(70,064)	–	(70,064)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	(56,829)	–	(56,829)
At 30 April 2009		92,236	702,532	294,402	52,141	94,040	65,760	(152,039)	1,149,072

28. CAPITAL AND RESERVES (continued)

(b) Share capital

(i) Authorised and issued share capital

	Number of ordinary shares of HK$0.10 each	Nominal value	RMB equivalent
	'000	HK$'000	RMB'000
Authorised:			
At 30 April 2009 and 2008, 1 May 2007	2,000,000	200,000	212,000
Issued and fully paid:			
At 1 May 2007	847,028	84,703	88,921
Shares issued upon exercise of share options	11,040	1,104	990
Shares issued upon conversion of convertible bonds	24,482	2,448	2,194
At 30 April 2008 and 1 May 2008	882,550	88,255	92,105
Shares issued upon exercise of share options	1,485	149	131
At 30 April 2009	884,035	88,404	92,236

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Shares issued upon conversion of convertible bonds

During the year ended 30 April 2008, convertible bonds with an aggregate principal amount of HK$65,000,000 were converted at a conversion price of HK$2.6550 per share into 24,482,110 new ordinary shares of the Company (note 27(b)).

28. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

(iii) Shares issued upon exercise of share options

During the year ended 30 April 2009, options were exercised to subscribe for 1,485,000 (2008: 11,040,000) new ordinary shares of the Company at a consideration of HK$5,198,000 (equivalent to approximately RMB4,577,000) (2008: HK$38,640,000 (equivalent to approximately RMB34,635,000)), of which RMB131,000 (2008: RMB990,000) was credited to share capital and the balance of RMB4,446,000 (2008: RMB33,645,000) was credited to share premium account. RMB1,372,000 (2008: RMB9,270,000) has been transferred from share-based compensation reserve to the share premium account in accordance with the accounting policy set out in note 2 (n)(ii).

(iv) Terms and unexpired and unexercised share options at the balance sheet date

Exercise period	**Exercise price**	**2009 Number**	2008 Number
19 April 2006 to 11 December 2013	HK$3.50	**7,875,000**	9,360,000
30 May 2007 to 11 December 2013	HK$7.29	**18,900,000**	18,900,000
3 April 2008 to 11 December 2013	HK$8.50	**600,000**	600,000
		27,375,000	28,860,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 29 to the financial statements.

(c) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

28. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(ii) PRC statutory reserve

In accordance with the relevant PRC laws applicable to enterprises with foreign investment, the Company's subsidiaries established in the PRC are required to transfer at least 10% of their annual net profits to the general reserve until the balance of the reserve is equal to 50% of the entities' registered capital. The transfer to this fund must be made before distribution of dividends to equity shareholders. This reserve can be used to offset prior years' losses, if any, and convert into paid-up capital provided that the balance of the general reserve after such conversion is not less than 25% of their registered capital.

(iii) Merger reserve

Merger reserve represents the difference between the nominal value and premium of shares of subsidiaries acquired over the nominal value of the shares issued by the Company in exchange thereof.

(iv) Share-based compensation reserve

Share-based compensation reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share based payments in note 2(n)(ii).

(v) Convertible bonds reserve

Convertible bonds reserve comprises the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 2(k).

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(r).

(vii) Contributed surplus

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired by the Company through an exchange of shares pursuant to the group reorganization prior to the listing of the Company's shares on 13 January 2004.

28. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(vii) Contributed surplus (continued)

The application of the Company's contributed surplus is governed by the Bermuda Companies Act 1981. Under the Bermuda Companies Act 1981, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(d) Distributability of reserves

At 30 April 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus mentioned above, was approximately RMB208,123,000 (2008: RMB234,397,000). After the balance sheet date, the directors proposed a final dividend of HK$0.073 per ordinary share (equivalent to approximately RMB0.064) (2008: HK$0.090 per ordinary share), amounting to approximately RMB56,829,000 (2008: RMB71,315,000) (note 11(a)). This dividend has not been recognised as a liability at the balance sheet date.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors its capital structure on the basis of an adjusted net debt-to-equity ratio. For this purpose, adjusted net debt is defined as total debt (which includes trade and other payables, amounts due to directors and convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity less unaccrued proposed dividends.

28. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

During the year ended 30 April 2009, the Group's strategy, which was unchanged from the last year, was to maintain the adjusted net debt-to-equity ratio at the lower end by having sufficient cash and cash equivalent over total debt and proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-equity ratio at 30 April 2009 and 2008 was as follows:

		The Group		The Company	
		2009	2008	**2009**	2008
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current liabilities:					
Trade and other payables	25	**82,059**	24,056	**754**	975
Due to directors	24	**1,744**	6,046	**1,744**	5,292
		83,803	30,102	**2,498**	6,267
Non-current liabilities:					
Convertible bonds	27	**896,899**	843,185	**896,899**	843,185
Total debt		**980,702**	873,287	**899,397**	849,452
Add: Proposed dividends	11(a)	**56,829**	71,315	**56,829**	71,315
Less: Cash and cash equivalents	23	**(1,344,330)**	(2,097,974)	**(356,621)**	(742,449)
Net debt		**(306,799)**	(1,153,372)	**599,605**	178,318
Total equity	28	**2,572,829**	2,239,620	**1,149,072**	1,160,445
Adjusted net debt-to-equity ratio		**N/A**	N/A	**52%**	15%

Pursuant to a bond placement agreement dated 22 October 2007, the Group is required to maintain the ratio of "total gross debt" to "EBITDA" not exceeding 4:1. For the purpose of this capital requirement, "total gross debt" is defined as all obligations in respect of the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness of the Group and "EBITDA" is defined as operating profits before deducting taxation, finance charges, exceptional or extraordinary items, amortisation of goodwill or depreciation of tangible assets of the Group.

Other than the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme (the "Scheme") which was adopted on 12 December 2003 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at the consideration of HK$1.00 to subscribe for ordinary shares of the Company.

The exercise price is determined by the board of directors at its absolute discretion and notified to each option holder but shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share on the date of grant. The options usually vest one to two years from the date of grant and are then exercisable within a period up to 11 December 2013. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants are as follows:

	Number of instruments '000	Vesting conditions	Contractual life of options
Options granted to directors			
– 15 December 2005	14,400	1 year from the date of grant	8.00 years
– 30 May 2007	8,400	1 year from the date of grant (70%) 2 years from the date of grant (30%)	6.53 years
Options granted to employees			
– 15 December 2005	7,200	1 year from the date of grant	8.00 years
– 19 April 2006	20,400	1 year from the date of grant	7.65 years
– 30 May 2007	10,500	1 year from the date of grant (70%) 2 years from the date of grant (30%)	6.53 years
– 3 April 2008	600	1 year from the date of grant (70%) 2 years from the date of grant (30%)	5.69 years
Total share options granted	61,500		

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2009		2008	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
		'000		'000
Outstanding at the beginning of the year	**HK$6.09**	**28,860**	HK$3.50	20,400
Granted during the year	**–**	**–**	HK$7.33	19,500
Exercised during the year	**HK$3.50**	**(1,485)**	HK$3.50	(11,040)
Outstanding at the end of the year	**HK$6.23**	**27,375**	HK$6.09	28,860
Exercisable at the end of the year	**HK$5.93**	**21,525**	HK$3.50	9,360

The weighted average share price at the date of exercise for share options exercised during the year was HK$9.20 (2008: HK$7.10). The options outstanding at 30 April 2009 had an exercise price of HK$3.50, HK$7.29 or HK$8.50 and a weighted average remaining contractual life of 4.62 years (2008: 5.62 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Method. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Model.

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Fair value of share options and assumptions (continued)

	Share options granted on		
	19 April 2006	30 May 2007	3 April 2008
Fair value at measurement date	HK$0.94	1 year vesting HK$2.50 2 years vesting HK$2.68	1 year vesting HK$2.96 2 years vesting HK$3.01
Share price at grant date	HK$3.20	HK$7.08	HK$8.57
Exercise price (weighted average)	HK$3.50	HK$7.29	HK$8.50
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Model)	43%	44%	45%
Option life	7.65 years	6.53 years	5.69 years
Expected dividends	3%	HK$0.017 in February HK$0.041 in September	1.54%
Risk-free interest rate	4.63%	1 year vesting 4.406% 2 years vesting 4.428%	2.08%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share option grants.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the carrying amount of the respective financial assets as stated in the consolidated balance sheet.

The Group's credit risk is primarily attributable to trade and other receivables, bank deposits matured over 3 months and cash at bank. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Bank deposits matured over 3 months and cash at bank are placed with banks and other financial institutions with good credit quality, the directors of the Company consider that the Group's credit risk on the bank deposits matured over 3 months and cash at bank is low.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 30 months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the balance sheet date, the Group does not have any significant concentration of credit risk.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains sufficient cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants.

The following table shows the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

2009

		Contractual undiscounted cash outflow			
	Balance sheet carrying amount at 30 April RMB'000	**Total RMB'000**	**Within 1 year or on demand RMB'000**	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**
Due to directors	**1,744**	**1,744**	**1,744**	**–**	**–**
Trade and other payables	**82,059**	**82,059**	**82,059**	**–**	**–**
Convertible bonds	**896,899**	**1,046,000**	**–**	**1,046,000**	**–**
	980,702	**1,129,803**	**83,803**	**1,046,000**	**–**

2008

		Contractual undiscounted cash outflow			
	Balance sheet carrying amount at 30 April RMB'000	Total RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
Due to directors	6,046	6,046	6,046	–	–
Trade and other payables	24,056	24,056	24,056	–	–
Convertible bonds	843,185	1,046,000	–	–	1,046,000
	873,287	1,076,102	30,102	–	1,046,000

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Liquidity risk (continued)

The Company

2009

		Contractual undiscounted cash outflow			
	Balance sheet carrying amount at 30 April RMB'000	**Total RMB'000**	**Within 1 year or on demand RMB'000**	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**
Due to directors	**1,744**	**1,744**	**1,744**	**–**	**–**
Trade and other payables	**754**	**754**	**754**	**–**	**–**
Convertible bonds	**896,899**	**1,046,000**	**–**	**1,046,000**	**–**
	899,397	**1,048,498**	**2,498**	**1,046,000**	**–**

2008

		Contractual undiscounted cash outflow			
	Balance sheet carrying amount at 30 April RMB'000	Total RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
Due to directors	5,292	5,292	5,292	–	–
Trade and other payables	975	975	975	–	–
Convertible bonds	843,185	1,046,000	–	–	1,046,000
	849,452	1,052,267	6,267	–	1,046,000

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Interest rate risk

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits. However, since the fixed-rate bank deposits were usually placed with short maturity period, the management does not expect there would be significant impact on the results of the Group. Besides, the Group is also exposed to fair value interest rate risk in relation to the convertible bonds issued by the Group (Note 27).

The Group does not have derivative financial instruments to hedge its debt obligations. Any future variations in interest rate would not have a significant impact on the results of the Group.

Cash flow interest rate risk

As at 30 April 2009, the management does not expect there would be significant interest rate risk since the Group does not have variable-rate borrowings. The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and deposits. The directors of the Company considers the Group's exposure of the variable-rate bank balances and deposits to interest rate risk is not significant as they have a short maturity period.

The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

d) Currency risk

Substantially all of the revenue-generating operations of the Group are transacted in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other financial institutions authorised to buy and sell foreign currencies.

The Group is exposed to currency risk primarily through sales which give rise to receivables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD"). The Group manages this risk as follows:

In respect of trade receivables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Currency risk (continued)

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised monetary assets and liabilities denominated in foreign currencies.

The Group

	2009 USD'000	**2009 HKD'000**	2008 USD'000	2008 HKD'000
Assets				
Financial assets at fair value through profit or loss	**–**	**–**	19,920	–
Trade and other receivables	**1,866**	**9,927**	1,239	7,916
Bank deposits matured over 3 months	**10,000**	**24,600**	–	–
Cash and cash equivalents	**58,276**	**115,832**	86,846	168,632
Liabilities				
Due to directors	**–**	**1,981**	–	5,905
Trade and other payables	**–**	**857**	–	1,087

The Company

	2009 USD'000	**2009 HKD'000**	2008 USD'000	2008 HKD'000
Assets				
Financial assets at fair value through profit and loss	**–**	**–**	19,920	–
Trade and other receivables	**–**	**1,537,963**	–	716,283
Bank deposits matured over 3 months	**10,000**	**24,600**	–	–
Cash and cash equivalents	**44,109**	**61,804**	84,791	168,607
Liabilities				
Due to directors	**–**	**1,981**	–	5,905
Trade and other payables	**–**	**857**	–	1,087

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Currency risk (continued)

Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	2009		2008	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and other components of consolidated equity RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and other components of consolidated equity RMB'000
United States Dollars	**5%**	**(24,027)**	5%	(41,752)
	(5)%	**24,027**	(5)%	41,752
Hong Kong Dollars	**5%**	**(6,495)**	5%	(8,359)
	(5)%	**6,495**	(5)%	8,359

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet. The analysis is performed on the same basis for 2008.

e) Fair values

All financial instruments are carried at amounts not materially different from their fair value as at 30 April 2009 and 2008.

f) Estimation of fair values

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

f) Estimation of fair values (continued)

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

(i) Short-term financial assets and liabilities

The carrying amounts of cash and cash equivalents, bank deposits matured over 3 months, trade and other receivables, amounts due to directors, trade and other payables are estimated to approximate their fair values based on the nature or short-term maturities of these instruments.

(ii) Convertible bonds

The fair value is estimated as the present value of future cash flows, discounted at the market interest rate for similar financial instruments, which do not have a conversion option.

31. COMMITMENTS

a) Capital commitments

Capital commitments of the Group at 30 April 2009 not provided for in the financial statements were as follows:

	2009 **RMB'000**	2008 RMB'000
Contracted for		
– Purchase of property, plant and equipment	**67,912**	11,972

b) Operating lease commitments

At 30 April 2009, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2009 **RMB'000**	2008 RMB'000
The Group		
Within one year	**8,265**	27,356
After one year but within five years	**33,065**	92,369
After five years	**6,698**	194,500
Total	**48,028**	314,225
The Company		
Within one year	**3,298**	806

31. COMMITMENTS (continued)

b) Operating lease commitments (continued)

The Group is the lessee in respect of properties and cultivation bases under operating leases. The leases typically run for an initial period of 1 to 30 years, with an option to renew the lease when all terms are renegotiated.

32. MATERIAL RELATED PARTY TRANSACTIONS

a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2009	2008
	RMB'000	RMB'000
Short-term employee benefits	**7,613**	12,754
Post-employment benefits	**49**	23
Equity compensation benefits	**4,033**	14,901
	11,695	27,678

Total remuneration is included in "staff costs" (see note 6).

b) Transactions with other related parties

Except for amounts due to directors as disclosed in note 24, during the year, the Group had not entered into any material related party transactions.

33. NON-ADJUSTING POST BALANCE SHEET EVENTS

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 11(a).

34. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Notes 29 and 30(f) contain information about the assumptions relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairments

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, trade and other receivables and investments in its subsidiaries, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and value in use. It is difficult to precisely estimate the fair value less costs to sell because the fair value (e.g. quoted market prices) for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

In considering the impairment losses that may be required for current receivables, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables. Despite that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be different from the amount estimated.

(b) Depreciation

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

(c) Write-down of inventories

Inventories are stated at the lower of cost and net realisable value at the balance sheet date. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. In addition, the management performs an inventory review on a product-by-product basis at each year end date and assess the need for write-down of inventories.

34. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Fair value of biological assets and agricultural produce

The Group's biological assets are valued at fair value less estimated point-of-sale costs and the Group's agricultural produce are measured at fair value less estimated point-of-sale costs.

The management considers that there is no active market prices or professional valuers are not available to carry out the valuation of the biological assets. As such, management uses prices of recent market transactions, market prices for similar assets and sector benchmarks as a basis for measuring fair value. These prices are adjusted to reflect differences in characteristics and/or stages of growth of the assets.

In respect of agricultural produce, the management is of the view that there is no quoted price in the market and the fair value is determined based on the most recent market transaction price in the local area.

(e) Provision for income tax

Provision for income tax is made based on the taxable income for the period as determined by the Group. The determination of taxable income involves the exercise of judgement on interpretation of the relevant tax rules and regulations. The amount of income tax and hence profit or loss could be affected by any interpretations and clarifications which the tax authority may issue from time to time.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's results of operations and financial position.

In addition. the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

	Effective for accounting periods beginning on or after
HKFRS 8 "Operating segments"	1 January 2009
HKAS 1 (revised 2007) "Presentation of financial statements"	1 January 2009

FINANCIAL SUMMARY

	For the year ended 30 April				
	2005 RMB'000 (As restated)	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
Turnover	470,537	686,602	954,149	1,267,094	**1,547,659**
Gross profit	254,546	354,416	497,926	676,644	**800,114**
Profit before tax	207,853	262,266	345,750	483,746	**495,337**
Profit attributable to shareholders	183,502	271,275	345,995	470,952	**454,925**
Non-current assets	279,056	532,422	652,248	788,798	**1,981,990**
Negative goodwill	(6,318)	–	–	–	**–**
Current assets	710,549	986,005	1,188,735	2,379,011	**1,599,456**
Current liabilities	(96,937)	(83,495)	(90,842)	(85,004)	**(94,235)**
Non-current liabilities	(3,773)	(302,302)	(64,605)	(843,185)	**(914,382)**
Shareholders' equity	882,577	1,132,630	1,685,536	2,239,620	**2,572,829**
Basic earnings per share (RMB)	0.275	0.373	0.448	0.538	**0.515**