* For identification only

2011
Annual Report

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)

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Sun Shao Feng *(Chairman)*
Nie Xing

Independent Non-executive Directors:

Huang Zhigang
Hu Ji Rong
Zheng Baodong

COMPANY SECRETARY

Chan Ka Pong

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

Crowe Horwath (HK) CPA Limited

HONG KONG LEGAL ADVISER

Shearman & Sterling

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, HM 11
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 HM 08
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

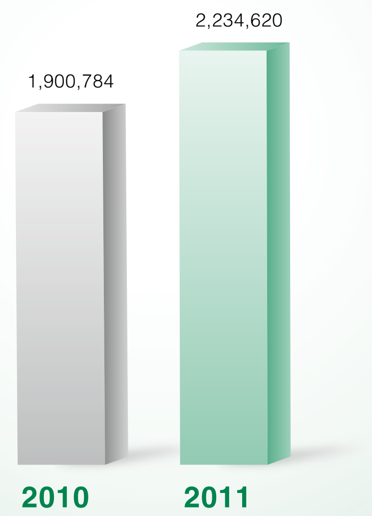
00904

WEBSITE

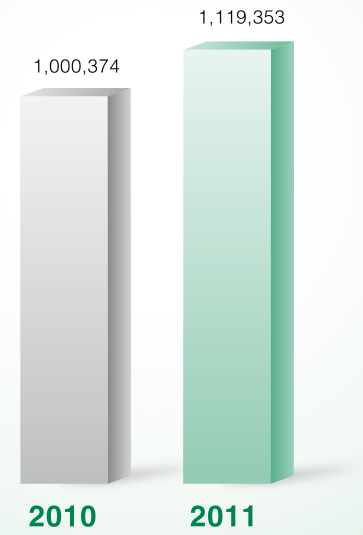
http://www.chinagreen.com.hk

FINANCIAL HIGHLIGHTS

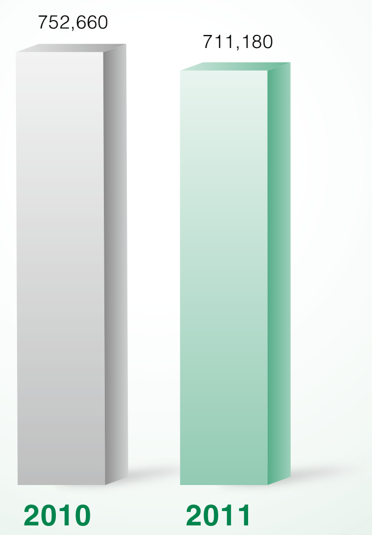
TURNOVER
(RMB'000)



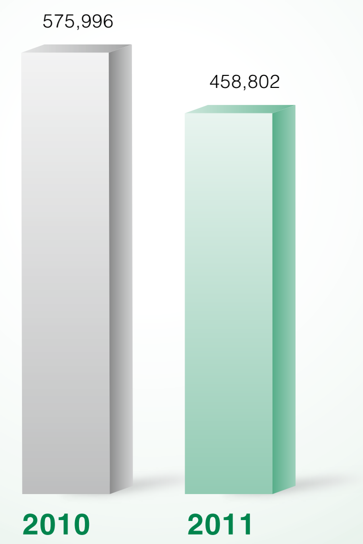
GROSS PROFIT
(RMB'000)



PROFIT FROM OPERATIONS
(RMB'000)



PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(RMB'000)



CHAIRMAN'S STATEMENT

Achieve Sustainable Growth through Expanding Domestic Market and Building the "China Green" Brand

Creating a Healthier China

Dear Shareholders,

This past year has offered a dynamic and mixed economic environment for businesses operating in the PRC. On one hand, domestic demand continued to show strong momentum, and GDP grew by 10.3%. On the other hand, inflationary pressures, high volatility of food and materials prices, extreme weather conditions, and Renminbi ("RMB") appreciation created uncertainty and challenges in the operating environment of the food and beverage industry. Nevertheless, through our appropriate strategies for market development and risk management, the Group was able to report satisfactory results for the financial year ended 30 April 2011.

During this financial year, the Group achieved record-high revenues of approximately RMB2,235 million, representing year-on-year growth of 18%. The gross profit margin was slightly reduced from 52.6% in last year to 50.1% for this year, mainly due to the Group's increasing focus in the domestic market as well as the inflationary pressure on input materials. Operating profit was RMB711 million in this financial year and the basic earnings per share were RMB51.9 cents.

Owing to our efforts over the past few years, the Group has been successful in evolving from the business model of mainly concentrating on the cultivation and production of OEM products for export into a broad-based company increasingly focusing on a market-driven operating model, through the development of our branded food and beverage business. During the last fiscal year, our branded food and beverage business recorded a sales level of approximately RMB964 million. For beverage products alone, revenues reached RMB738 million, representing 33% of total Group revenue during the year, as well as year-on-year growth of 81%.

We expect our branded beverage business to continue to enjoy rapid growth and strong momentum in the future, through both the expansion of geographical coverage and through the increase of the number of product types and categories. In addition to the higher penetration

CHAIRMAN'S STATEMENT

rate of our beverage products in the southern and eastern PRC, our beverage distributors already cover the majority provinces. We are facing a huge potential market, within which we can increase our penetration rate in respective provinces through our continuous investment in channel expansion. The number of SKUs of our beverage products increased to 28 by the end of this financial year. Cu Liang Wang, our multigrain beverage series, continued to be the star product line in the branded beverage business, which contributed over 60% of the segment's revenue last year.

In addition to beverage products, we will also launch our own branded series of canned and frozen products in the PRC domestic market during the upcoming fiscal year, so as to capture robust growth in demand for processed food. "Jin Yu Liang Pin" is our series of canned vegetables and grains, and "Cu Liang Dang Dao" is our series of frozen food, including hot-pot ingredients, buns, and so on. By focusing on the catering and supermarket distribution channels in the PRC, we believe these categories can become another growth driver of the Group's business in future years, complementing the healthy development of our export business.

In June 2011, "China Green" was named one of China's 500 Most Valuable Brands by the World Brand Laboratory, and its brand value reached RMB2.6 billion. This award truly reflects the results of the Group's continuous efforts in brand building and market promotion within the domestic market. We believe this is just one of the initial milestones that the Group will achieve on its way to become an even-larger, unique, and recognised healthy and green food supplier in China and overseas. We will continue to further strengthen the Group's market position as one of the leading nation-wide healthy food and beverage brands in the coming years.

Together with our continuous expansion in the downstream and branded businesses, we are also maintaining steady growth plans for our upstream cultivation operation, which has long been one of our key core competencies. We will continue to invest in our upstream business, so as to promote a high-technology, large-scale and quality-oriented operating model.

Food safety has been our top priority since the commencement of our business. We have applied stringent quality control mechanisms throughout the whole production and supply processes: from product design to procurement, equipment selection, inventory management, production management, logistics arrangement, and so on. In view of the recent intensified concerns about food safety following the issues of contamination by plasticizers, we have further strengthened the control over our suppliers, as well as increased the level of internal and external quality control and product checking. We are confident that we can continue to ensure the supply of green and healthy food and beverage products to our customers.

On behalf of the Board, I would like to express my sincere gratitude to all our shareholders, customers and business partners for their support to China Green. I would also like to take this opportunity to thank my fellow Directors, management team, and staff for all their remarkable efforts and contributions to the Group.

Sun Shao Feng
Chairman

28 July 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

The Group continued its steady growth trend for the financial year ended 30 April 2011 ("FY2011"). Total revenue of the Group reached RMB2,235 million in the year, representing a growth rate of 18% as compared to RMB1,901 million in the last financial year ("FY2010"). Gross profit improved by 12% to RMB1,119 million, while the gross profit margin was 50.1%, as compared with 52.6% in FY2010. The drop in gross profit margin was mainly due to the Group's increasing focus on the domestic market (excluding sales to import/export companies), for which the average gross profit margin is relatively lower, as well as the increasing inflationary pressure in certain input materials. In light of these factors, together with the Group's increasing investment in various marketing and promotion activities, operating profit of the Group decreased by 6% from RMB753 million in FY2010 to RMB711 million in FY2011. Profit attributable to equity shareholders of the Company for the year was RMB459 million, as compared with RMB576 million in FY2010.

The Board proposed to declare a final dividend of HK$0.065 (equivalent to RMB0.054) per ordinary share (2010: HK$0.090 per ordinary share) which, together with an interim dividend of HK$0.090 (equivalent to RMB0.077) per ordinary share (2010: HK$0.090 per ordinary share) declared and paid earlier, represents a full year dividend payout ratio of 25% of the profit attributable to equity shareholders for the year.

Business Overview

The Group has continued to maintain high standards in product quality, variety and safety by leveraging its vertically integrated business model, which gives us effective control over cultivation (from seeding, growing, irrigating, and fertilizing to harvesting), production (from sterilizing, processing to packaging) and distribution (including storage and logistics).

Our branded beverage business was a major growth driver during FY2011, representing approximately 33% of total Group revenue for the year (FY2010: 21%). Processed products and fresh produce contributed 57% (FY2010: 64%), while the remaining 10% (FY2010: 15%) was contributed by branded food and other businesses.

During the year under review, the Group achieved a 33% growth in domestic sales (excluding sales to import/export companies) as compared with last year, which reached RMB1,390 million (FY2010: RMB1,046 million) and represented 62% (FY2010: 55%) of the total Group revenue. This was mainly due to the focus on the domestic market by our branded beverage business.

In order to further enhance the momentum of the expansion of our customer portfolio, as well as improve our operating efficiency and enhance working capital management, sales previously made directly to overseas customers were now made to certain import/export companies in the People's Republic of China ("PRC"), which are independent third parties specialising in exports business, since this financial year. We believe the new arrangement can:

(i) facilitate expansion of our overseas customer base by utilising the import/export companies' own resources and network to promote our sales;

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) enable us to continue focusing on our core business operations while outsourcing the export related administrative work and formalities to external import/export companies which specialise in food exports; and

(iii) enable us to mitigate risks associated with fluctuations in the foreign exchange rates and strengthen working capital management.

During FY2011, revenue generated from sales to these import/export companies in the PRC amounted to RMB845 million, representing 38% of the Group's total revenue.

Since the sales previously made to our overseas customers were now made to the PRC import/export companies acting as principals, such sales are classified as domestic sales based on the nationality of the import/export companies in the segmental information for the year ended 30 April 2011. We will continue to apply the same accounting treatment for revenue classification on a consistent basis going forward. In our 2010/11 interim report, we had adopted a different criterion in determining the geographical locations of revenue contribution by looking at the destinations of the products, and consequently revenue generated by sales to the PRC import/export companies were shown as sales to overseas countries.

In terms of the geographical regions of the destinations of the product sold by the PRC import/export companies (or products sold by the Group directly to its overseas customers in FY2010), Japan and Asia (excluding Japan) remained to be the two major overseas markets of the Group's products, representing approximately 36.7% (FY2010: 41.5%) and 44.5% (FY2010: 23.9%) in FY2011, respectively. Remaining are products shipped to Europe, Africa, America and Australia of 8.7%, 7.6%, 2.4% and 0.1% of total (FY2010: 22.8%, 6.0%, 4.9% and 0.9%).

Branded Food and Beverage Products

Revenue from the branded food and beverage business surged 40% to approximately RMB964 million (FY2010: RMB691 million). This figure includes revenue from branded beverage products of approximately RMB738 million, which grew by 81% from RMB409 million in FY2010. The gross profit margin of the branded food and beverage business was 50% (FY2010: 52%).

Currently, the key beverage product series of the Group is the mixed-grain series. Other beverage products include vegetable and fruit juice, as well as corn milk products.

Since the launch of the mixed-grain series of beverage products in mid-2009, it has received excellent market feedback and support. As one of the first-movers in the PRC mixed-grain beverage sector, the Group has 8 flavours in this series now, including red bean, green bean, black bean, oats, sweet corn and others. Alongside the increasing health consciousness of Chinese consumers, the Group believes that our mixed grains series offer the Group significant market potential by offering a choice of healthy vegetable proteins, as compared with animal proteins, which are provided by dairy beverage products.

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthening of channel coverage continues to be one of the key focus areas of the Group for the expansion of the PRC beverage business. During FY2011, the Group expanded its distribution network of beverage products to cover a majority of the provinces in China. Our market and channel penetration rates are presently relatively higher in the south-eastern region such as Fujian, Anhui, Jiangsu, Zhejiang and other provinces. Still, the Group sees huge growth potential, as penetration rates in other provinces are expected to continue increasing in the next few years.

At the retail level, more than half of the beverage products of the Group are sold through traditional channels such as small stores, mum-and-pop stores, and so on. The remainder is represented by catering channels (such as hotels and restaurants), supermarkets/hypermarkets and specialty channels (such as airlines, schools, train stations and others).

Apart from expansion in distribution channels, the Group continues to invest in the marketing and branding of its branded business. In FY2011, the total marketing and promotion costs incurred represented approximately 12% of the total revenue of the branded products during the year (FY2010: 8%).

Looking ahead, the Group is confident that it can maintain a momentum in its branded beverage business through geographical coverage and higher penetration, as well as through the continuous broadening of product categories.

Our branded food products business includes instant noodles, rice and related products. In FY2011, the Group suspended the production of instant noodles products in view of keen competition in the market, and accordingly a provision of approximately RMB12.5M has been made for the impairment of the related equipment in this financial year.

Processed Products

The Group's processed products include canned products, frozen products, pickled products as well as water-boiled products. In FY2011, the total revenue from the processed-products business was RMB760 million, representing growth of 1%, as compared with RMB749 million in FY2010. Approximately 94% (FY2010: 95%) of the sales of processed products were destined for overseas markets which were handled by import/export companies since FY2011. The gross profit margin of this segment was 52% (FY2010: 55%).

The Group plans to further expand its sales in the domestic market which the Group expects to see increasingly strong demand for high quality processed products. In the upcoming financial year, the Group will launch a branded series of processed products in the domestic market, including "Jin Yu Liang Pin" for canned products such as red beans, sweet corns and others, as well as "Cu Liang Dang Dao" for frozen products such as hot-pot ingredients, buns, etc. These products will focus on catering distribution and supermarket channels in the PRC. Through the introduction of these new products, the Group expects the domestic market to achieve strong momentum in the processed products segment during coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was selected as an authorized food supplier for the World Expo 2010 in Shanghai. Participation in this event enhanced the Group's brand recognition and reputation as one of the leading green food suppliers in China and also helped the Group to extend its sales network to various hotel groups and large restaurant chains. The Group has been successful in entering long-term business partnerships with large catering clients, such as South Beauty, KFC, and others.

Fresh Produce

The fresh produce business continued to deliver healthy and steady growth in FY2011. Total revenue was RMB511 million for the year, representing a growth rate of 11% as compared with RMB461 million in FY2010. The overall average selling price of fresh produce increased approximately 5% during the year. The gross profit margin was 48% (FY2010: 49%). The overall average yield of our cultivation bases was also maintained at approximately four to five tons per mu per year.

The domestic market (excluding sales to import/export companies) accounted for 74% of the total fresh produce revenue (FY2010: 69%). Sweet corn, broccoli, fistular onion and hairy bean continued to be the key products in this segment, representing approximately 28% of total revenue.

In the past year, extreme weather conditions such as drought and floods affected several regions in China. Nevertheless, due to the strategic selection and location of cultivation bases and the installation and maintenance of first-class irrigation and drainage systems, the Group exercised careful risk management, which avoided any significant negative impact to our business operations by the extreme weather conditions. The Group will continue to pay close attention to weather conditions in China in order to take further corresponding measures, if necessary.

Over the past years, the Group has built a unique competitive edge in growing high-quality agricultural products through developing and implementing the best quality-control measures and techniques. This has also been the core advantage that our downstream businesses have leveraged during their respective expansion. We will continue to work hard to ensure stable growth in our fresh produce business, so as to provide a healthy and unique platform for the long-term expansion of the entire Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Cultivation Bases and Production Facilities

As of the end of April 2011, the Group had cultivation bases held under long-term leases with a total area of approximately 92,700 mu, supporting a cultivation capacity of around 380,000 tons per year. The geographical location of the Group's cultivation bases is summarised as follows:

Location	**Land Use**	**Approximately gross Area (mu)**
Quan Zhou City, Fujian 福建省泉州市	Vegetable Farm and Fruit Farm	16,400
Zhang Zhou City, Fujian 福建省漳州市	Vegetable Farm and Fruit Farm	18,500
San Ming City, Fujian 福建省三明市	Vegetable Farm	4,200
Long Yan City, Fujian 福建省龍岩市	Fruit Farm	1,000
Nan Ping City, Fujian 福建省南平市	Vegetable Farm	1,000
Fu Zhou City, Fujian 福建省福州市	Vegetable Farm	3,000
Hangzhou City, Zhejiang 浙江省杭州市	Vegetable Farm	3,500
Yi Chun City, Jiangxi 江西省宜春市	Vegetable Farm and Rice Farm	9,100
Nan Chang City, Jiangxi 江西省南昌市	Vegetable Farm	1,000
Zhang Jia Kou City, Hebei 河北省張家口市	Vegetable Farm	12,000
Yi Chang City, Hubei 湖北省宜昌市	Vegetable Farm	3,000
Tian Men City, Hubei 湖北省天門市	Vegetable Farm	20,000
Total		92,700

MANAGEMENT DISCUSSION AND ANALYSIS

The average lease rental cost for the leased cultivation bases is approximately RMB500 to RMB600 per mu per year. The Group will continue to maintain its five to ten-year lease payment terms for its future cultivation base acquisitions, and has no plans to make any material long-term lump-sum prepayments.

As of the end of April 2011, the Group owned and operated 12 advanced food processing plants with a total capacity of approximately 560,000 tons per year. For the beverage business, we had a total capacity of approximately 120,000 tons per year. The Group is planning to build two more beverage plants, one in Hubei province and one in Hebei province, so as to further increase the Group's production capacity and to meet the expected growth in demand for our beverage products.

Awards and Recognition

The Group has achieved a variety of international management and safety standards including ISO9001:2000, HACCP, Safe Crop Certifications and others. It has also been recognized as one of the "National Key and Leading Agricultural Enterprises" by the Ministry of Agriculture of the People's Republic of China and the "Nationally Excellent & Leading Enterprise in Food Industry" by the China Food Industry Association. In January 2010, the brand of "China Green" was named one of the China Famous Brands by the State Administration for Industry and Commence of the PRC.

In June 2011, the Group was named one of China's 500 Most Valuable Brands with its "China Green" brand valued at RMB2.6 billion, as certified by the World Brand Laboratory. This recognition demonstrates China Green's strong brand equity within the competitive food and consumer sector and echoes the encouraging results of management's strategy to expand the branded product business in recent years.

Outlook and Prospects

Several factors, such as rising commodity prices, food safety concerns, expected RMB appreciation, as well as extreme weather conditions, may continue to affect the China agriculture industry in the future. By leveraging our unique competitive advantages in terms of quality control, our vertically integrated platform, our effective cost control measures, and our fast growing brand recognition in the market, China Green's management team is confident that the Group is well-positioned to face and handle these challenges and maintain its growth momentum within the industry.

China is likely to be one of the world's strongest growth economies during upcoming years. The Group will continue to allocate further resources to the domestic market, so as to benefit from this continuing growth of domestic market demand. Our branded beverage products will remain a key growth driver for the Group as its domestic geographical coverage further strengthens. Moreover, the launch of our branded products domestically over the next couple of years, as well as the canned and frozen products businesses, are expected to be additional growth engines in the Group's future expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is driven to increase shareholder value. It is in the process of evaluating a potential spin-off plan for the Group's beverage business. The key objective of this evaluation is to determine whether the value to the Group's shareholders can be enhanced through releasing the underlying value of the beverage business by this spin-off exercise, as well as to determine if any technical issues need to be resolved for this exercise to proceed. No concrete conclusion or decision has been made as of this moment, and the Group will keep shareholders updated when there is any material progress in this evaluation.

Group's Liquidity, Financial Resources and Capital Structure

As at 30 April 2011, the total shareholders' funds of the Group were approximately RMB3,349 million (FY2010: RMB3,070 million). The Group had current assets of RMB2,040 million (FY2010: RMB3,248 million) and current liabilities of RMB136 million (FY2010: RMB967 million). The current ratio was 15 times (FY2010: 3 times).

The Group's outstanding debt as at 30 April 2011 was RMB1,315 million, which was represented by convertible bonds issued by the Company and maturing on 11 April 2013 (FY2010: RMB2,162 million, representing two convertible bonds of RMB903 million and RMB1,259 million, respectively). The calculation of the Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents divided by shareholders' equity) was not applicable as of 30 April 2011 and 2010, because the Group's cash and cash equivalents exceeded its total borrowings. The Group's gearing ratio (total debt divided by shareholders' equity) as at 30 April 2011 was 39.3% (FY2010: 70.4%).

As at 30 April 2011, the Group had cash and cash equivalents of approximately RMB1,712 million (FY2010: RMB2,327 million). The majority of the Group's funds has been deposited in banks in the PRC and licensed banks in Hong Kong. Management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the next financial year.

The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of total liabilities to total assets. As at 30 April 2011, the ratio of total liabilities to total assets was 31.2% (FY2010: 42.6%).

Capital Commitments and Contingent Liabilities

The Group has approved the expansion of existing production facilities by building new production plants. As at 30 April 2011, the Group had contractual capital commitments of approximately RMB151 million (FY2010: RMB94 million).

As at 30 April 2011, the Group had not provided any form of guarantee for any companies outside the Group and had not involved in any material legal proceedings for which provision for contingent liabilities was required.

MANAGEMENT DISCUSSION AND ANALYSIS

Fluctuation in Exchange Rates

In FY2011, the Group conducted its business transactions principally in Renminbi and U.S. dollars. The Group did not experience any material difficulties or negative impact on its operations as a result of fluctuation in currency exchange rates. Accordingly, the Directors concluded that the foreign currency exchange risk exposure was relatively limited and no hedging of such exchange risk was required at that time.

As an internal policy, the Group continues to implement a prudent financial management policy and does not participate in any high-risk speculative activities. Still, group management will continue to monitor its foreign exchange exposure and will take corresponding prudent measures if needed.

During FY2011, the exchange loss of the Group amounted to approximately RMB54 million (FY2010: RMB2 million), which was mainly due to the impact of RMB appreciation on the non-RMB bank deposits held by the Group.

Significant Investments Held and Material Acquisitions

During FY2011 and FY2010, the Group made no significant investments, material acquisitions or disposals of subsidiaries.

Pledge on Group's Assets

As at FY2011 and FY2010, the Group had not pledged any assets to banks or others to secure banking facilities granted to the Group.

Staff and Remuneration Policies

As at 30 April 2011, the Group had a total of approximately 6,800 employees, of which approximately 2,500 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for FY2011 totalled approximately RMB204 million (FY2010: RMB163 million). Employees are paid competitively, taking into account individual performance, experience, and their respective roles and positions. Other benefits offered by the Group included statutory provident funds, year-end bonuses, and share options granted to selected employees based on their individual performance.

Future Plans for Material Investments/Capital Assets and Source of Funds

As at 30 April 2011, the Group maintained sufficient funds for its capital investments and operations in the next financial year.

CORPORATE GOVERNANCE REPORT

China Green (Holdings) Limited (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 PRACTICES

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 2011, the Company was in compliance with code provisions set out in the CG Code except for the deviations from code provisions A.2.1, A.4.1 and E.1.2 which are explained below.

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. Our Chairman Mr. Sun Shao Feng is concurrently performing the CEO role. The Board of Directors (the "Directors") of the Company (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 its subsidiaries 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 the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Code provision A.4.1 of the CG Code provides that non-executive Director should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement in accordance with the Bye-laws of the Company (the "Bye-Laws").

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 2010 annual general meeting of the Company as he was on a business trip.

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 2011.

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.

CORPORATE GOVERNANCE REPORT

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 five Directors including two executive Directors and three independent non-executive Directors:

Executive Directors
Mr. Sun Shao Feng *(Chairman)*
Mr. Nie Xing

Independent non-executive Directors
Mr. Huang Zhigang
Mr. Hu Ji Rong
Mr. 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 24 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, Mr. Sun Shao Feng, our Chairman, is concurrently performing the CEO role. 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 the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

Independent 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 independent non-executive Directors are not appointed for a specific term, but they are subject to retirement in accordance with the Bye-Laws.

Board Meetings

During the financial year ended 30 April 2011, the Board held 4 meetings.

Name of Director	Number of attendance
Mr. Sun Shao Feng	4/4
Mr. Nie Xing	4/4
Mr. Ip Siu Kay*	4/4
Mr. Kung Sze Wai#	1/3
Dr. Tang Kam Sun+	1/1
Mr. Huang Zhigang	4/4
Mr. Hu Ji Rong	4/4
Mr. Zheng Baodong	4/4

* Mr. Ip Siu Kay resigned on 21 April 2011, and 4 Board meetings were held before his resignation.

\# Mr. Kung Sze Wai resigned on 4 January 2011, and 3 Board meetings were held before his resignation.

\+ Dr. Tang Kam Sun was appointed on 4 January 2011 and resigned on 30 June 2011, and 1 Board meeting was held during his term of office.

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.

CORPORATE GOVERNANCE REPORT

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 twice 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 standard, 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 be further improvement to the said policies.

During the financial year ended 30 April 2011, the Audit Committee held 2 meetings.

Name of member	Number of attendance
Mr. Huang Zhigang	2/2
Mr. Hu Ji Rong	2/2
Mr. Zheng Baodong	2/2

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.

CORPORATE GOVERNANCE REPORT

The functions of the Nomination Committee are to review and supervise 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 2011, the Nomination Committee held 1 meeting.

Name of member	Number of attendance
Mr. Huang Zhigang	1/1
Mr. Hu Ji Rong	1/1
Mr. Zheng Baodong	1/1
Mr. Nie Xing	1/1

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 2011, the Compensation Committee held 1 meeting.

Name of member	Number of attendance
Mr. Huang Zhigang	1/1
Mr. Hu Ji Rong	1/1
Mr. Zheng Baodong	1/1
Mr. Nie Xing	1/1

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.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid/payable to the Company's auditor, Crowe Horwath (HK) CPA Limited, is set out below:

Services rendered	Fee paid/payable
	HK$'000
Audit services	1,651

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.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements 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 Group's financial statements for the year ended 30 April 2011, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements 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 2011, 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.

During the year ended 30 April 2011, the Company has also engaged Deloitte Touche Tohmatsu CPA Limited as the Company's internal control consultant to conduct an independent assessment of its managerial, operational and internal controls to further streamline and augment its internal controls and financial reporting procedures. The Company believes that the appointment of Deloitte Touche Tohmatsu CPA Limited as the internal control consultant helps further improve its overall internal corporate governance. Up to the date of this report, no material internal control weakness that is without any existing other compensating control procedures in place has been identified.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng (孫少鋒), aged 46, is the Chairman, Chief Executive Officer 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). Mr. Sun's 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 was honorably awarded the "2009 Top 10 Outstanding Chinese Agricultural Economics Industry Entrepreneurs" (「2009中國農經產業十大優秀企業家」) during the "Third Session China Agricultural Economics Industry Development Forum" (「第三屆中國農經產業發展論壇」) (the "Forum") and the "2009 China Agricultural Economics Industry Elite Ceremony" (「二零零九中國農經產業杰出人物頒獎典禮」) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum. 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. He obtained his master degree in MEBA Business Management and Administration from the Xiamen University in July 2009.

Mr. Nie Xing (聶星), aged 47, joined the Group in June 2001 as the chief operating officer and was 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. He is an independent non-executive director of China Lilang Limited (stock code: 1234), a Hong Kong listed company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhigang (黃志剛), aged 48, is an independent non-executive Director of the Company. Mr. Huang graduated from the Fujian Normal University with a doctorate degree 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 the secretary of Fujian Province Audltescent 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.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Hu Ji Rong (胡繼榮), aged 55, is an independent non-executive Director of the Company. 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 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 Committee 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 44, is an independent non-executive Director of the Company. He graduated and received his master and doctorate degree in Horticulture from Fujian Agricultural College (福建農學院), major in storage and processing of agricultural products. Currently, Mr. Zheng is 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), vice president of Fujian Province Institute of Food and Science Technology (福建省食品科學技術學會) and an executive of Chinese Nutrition Society (中國營養學會). 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.

SENIOR EXECUTIVES

Mr. Wong Hong Kit (黃康傑), aged 39, was the Chief Financial Officer and Company Secretary of the Company until 5 August 2011. Mr. Wong has over 17 years of experience in auditing, accounting and financial management. Before joining the Group, Mr. Wong was the Group Financial Controller of TOM Group Limited, a company listed on the Stock Exchange. Prior to that, he had accumulated 10 years' experience in PricewaterhouseCoopers, and also had been the Associate Director of Finance in another listed company in Hong Kong. Mr. Wong graduated from the Chinese University of Hong Kong with a bachelor degree in Business Administration, and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Chan Ka Pong (陳家邦), aged 31, is the Chief Financial Officer and Company Secretary of the Company since 5 August 2011. Before joining the Group, he worked at PricewaterhouseCoopers in a variety of positions during 2001 to 2011, ultimately reaching the position of Senior Manager. Mr. Chan obtained a bachelor's degree of Business Administration (Hons.) with a major in Professional Accountancy from the Chinese University of Hong Kong. Mr. Chan is a qualified accountant and a member of the Hong Kong Institute of Certified Public Accountants.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Ng Yiu Fai (吳耀輝), aged 36, is the vice president of corporate finance of the Group since 5 August 2011. Mr. Ng earned a bachelor's degree of Business Administration (Hons.) with a major in Accounting from the Hong Kong University of Science and Technology. Prior to joining the Group, he worked at KPMG and several Hong Kong-listed companies serving in several positions during 1997 to 2011, culminating in the position of Assistant Financial Controller. Mr. Ng is a qualified accountant and is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wang Wei Wen (王偉文), aged 43, is the vice president of production of the Group. 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. Chen Qian (陳謙), aged 39, is the vice president of marketing of the Group. Mr. Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範高等專科學校) 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. Yu Hua (余驊), aged 44, is the general manager of Shanghai subsidiary. He graduated from Asia International Open University (Macau) in 2002 with a master degree in business administration. He is familiar with the modern enterprise business model and workflow, and has a strong implementation capacity and enterprise comprehensive management experience, including financial, personnel, branding, production, sales, engineering and management experience. He has strong capabilities in social activities, organization, leadership and coordination.

Mr. Lin Bing Wen (林炳文), aged 42, is the deputy general manager of cultivation division. He joined the Group in January 2001. 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. Chen Bing Ling (陳冰玲), aged 36, is the deputy general manager of cultivation division. Ms. Chen has been a member of the Group since August 1998 and had been mainly responsible for business development, sales and marketing activities of the Group. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996.

Mr. Wang Teng Zhao (王騰招), aged 39, is the deputy general manager of Shanghai subsidiary. Mr. Wang served as the technical director of Xiamen Xiang Lu (廈門翔鷺), regional sales manager of Xiamen Yin Cheng Group (廈門銀城集團), manager (South China) and sales director of Jian Hong Fa Group (建宏發集團).

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Chen Wen Zhong (陳文忠), aged 49, is the general manager of procurement center and a senior agriculturist. Since he started his career in 1985, he has been engaged in management of agricultural cultivation and development. He had been the sourcing director (principally in processing, plantation, sales and production) in the head office of Shanghai Doule (PRC) of the US DOLE Food Company. Mr. Chen has strong experience in the on-site management of agricultural cultivation and processing.

Mr. Zhang Zhi Qin (張志勤), aged 47, is the general manager of food research and development center of the Group. He is a senior engineer and a bachelor of Food Engineering. He was a Committee Member of the Assessment Committee of Senior Positions of High Technology Officers 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 product development projects and in design, selection and implementation of production procedures. He is well versed in engineering technology and equipment engineering. He has issued a number of publications on his research and findings, including "Processing Technology of Fruits, Vegetables and Sugar Products", "Research and Production of Artificial Longan" and "Research and Production of Oolong Tea".

Mr. Zhu Yin Chuan (朱銀川), aged 64, is the Group's director of cultivation technology. Since he started his career, he has been engaged in the on-site plantation management work of agricultural products. He had worked in Shanghai Gaorong Food Company Limited for six years before joining the Company. His over 40 years of experience in on-site management has provided strong and sustainable protection to the development of the cultivation business of the Company.

Ms. Liu Fang (劉方), aged 45, is the general manager of the Group's finance center. She obtained tertiary qualification of Industrial Enterprise Management in 1998, and received a bachelor degree in Accounting from the Renmin University of China (中國人民大學). She served as the head of finance department and holds the title of Accountant and in a number of enterprises before joining the Group in 2006, and holds the qualification for Hotel Finance Manager.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders their annual report and audited consolidated financial statements of the Group for the financial year ended 30 April 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 19 to the consolidated 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 consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results for the year ended 30 April 2011 are set out in the consolidated income statement on page 36.

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 Friday, 23 September 2011 ("2011 AGM") a final dividend of HK$0.065 per share (approximately RMB0.054 per share) (2010: HK$0.090 per share (approximately RMB0.079 per share)) which is subject to the approval of the shareholders at the 2011 AGM. The record date for entitlement to the proposal final dividend is Friday, 30 September 2011. The payment of the final dividend will be made on or about Monday, 10 October 2011. Taking into account the interim dividend of HK$0.090 per share (2010: HK$0.090 per share) and the proposed final dividend, total dividends for the year will amount to HK$137,026,000 (approximately RMB116,053,000) (2010: HK$159,126,000 (approximately RMB139,713,000)).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2011 AGM, the register of members of the Company will be closed from Tuesday, 20 September 2011 to Friday, 23 September 2011, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2011 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 no later than 4:30 p.m. on Monday, 19 September 2011.

Holders of the 3% guaranteed convertible bonds of the Company due 2013 (the "Bonds") should lodge the conversion notice together with the relevant documents evidencing the title of the Bonds to the conversion agent of the Bonds no later than 3:00 p.m. on Thursday, 15 September 2011 in order to be eligible to attend and vote at the 2011 AGM.

DIRECTORS' REPORT

For determining the entitlement to the final dividend, the register of members of the Company will be closed from Thursday, 29 September 2011 to Friday, 30 September 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, 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 for registration no later than 4:30 p.m. on Wednesday, 28 September 2011.

Holders of the Bonds should lodge the conversion notice together with the relevant documents evidencing the title of the Bonds to the conversion agent of the Bonds no later than 3:00 p.m. on Monday, 26 September 2011 in order to qualify for the proposed final dividend.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated 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 pages 40 and 41 of this report.

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 consolidated financial statements.

DISTRIBUTABLE RESERVES

Reserves of the Company at 30 April 2011 available for distribution amounted to RMB66,936,000. The Company's contributed surplus in the amount of RMB294,402,000 is also available for distribution to shareholders, subject to the 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 realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

PRE-EMPTIVE RIGHT

There are no pre-emptive provisions under the 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 OR 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 2011.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors

Mr. Sun Shao Feng *(Chairman)*	
Mr. Nie Xing	
Mr. Ip Siu Kay	(resigned on 21 April 2011)
Mr. Kung Sze Wai	(resigned on 4 January 2011)
Dr. Tang Kam Sun	(appointed on 4 January 2011 and resigned on 30 June 2011)

Independent Non-executive Directors

Mr. Huang Zhigang
Mr. Hu Ji Rong
Mr. Zheng Baodong

In accordance with Bye-law 87(1) of the Bye-Laws, Messrs. Sun Shao Feng and Huang Zhigang shall retire from office as Directors by rotation at the 2011 AGM and, being eligible, offered themselves for re-election.

INDEPENDENCE CONFIRMATION

The Company received an annual confirmation of independence from each of the 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

Mr. Sun Shao Feng entered into a service agreement with the Company on 20 December 2003 for an initial term of three years commencing 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.

Mr. Nie Xing entered into a service agreement with the Company on 5 November 2008 for an initial term of three years commencing 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 consolidated financial statements.

Save as disclosed above, none of the Directors proposed for re-election at the 2011 AGM has unexpired service agreement which is determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Profiles of Directors and Senior Executives of the Group are set out on pages 21 to 24.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30 April 2011, 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, 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	Approximate 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	407,274,000 (Note 2)	46.07%
		Total:	415,674,000	47.02%

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 407,274,000 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 of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the 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 annual general meetings 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.

DIRECTORS' REPORT

Details of movement of the share options during the year ended 30 April 2011 under the Scheme are as follows:

Name or category of participants	Number of share options: Balance as at 1 May 2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 April 2011	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								
	7,875,000	–	–	4,098,000	3,777,000	3.50	19 April 2006	19 April 2007 to 11 Dec 2013#
	10,500,000	–	–	6,000,000	4,500,000	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	18,975,000	–	–	10,698,000	8,277,000			
Total	27,375,000	–	–	10,698,000	16,677,000			

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' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the section headed "Interests in Share Options" above, at no time during the year was the Company or any of its 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 2011, 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 (Note)	Beneficial owner	Long Position	407,274,000	46.07%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long Position	52,732,172	5.96%
		Short Position	6,518,418	0.74%
Wellington Management Company, LLP	Investment manager	Long Position	44,808,701	5.07%

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 407,274,000 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.

DIRECTORS' REPORT

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 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 section headed "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 its subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2011, 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 consolidated financial statements. Other than disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 30 April 2011.

RETIREMENT SCHEME ARRANGEMENT

Particulars of the Group's retirement scheme are set out in note 13 to the consolidated 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 40% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 13% 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.

AUDIT COMMITTEE

The Company established the Audit Committee on 12 December 2003, which currently comprises 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 2011, the Audit Committee held two meetings with all members present 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 2011.

SUBSEQUENT EVENTS

There is no significant event subsequent to the balance sheet date as at 30 April 2011.

AUDITOR

Following the merger of business of CCIF CPA Limited ("CCIF") with PCP CPA Limited, CCIF resigned as auditor of the Company and Crowe Horwath (HK) CPA Limited ("Crowe Horwath") was appointed as auditor of the Company to fill the vancancy, both with effect from 12 October 2010. Save as disclosed above, there was no change in auditor during the past three years.

A resolution will be proposed at the 2011 AGM to re-appoint Crowe Horwath as auditor.

On behalf of the Board

Sun Shao Feng
Chairman

Hong Kong, 28 July 2011

INDEPENDENT AUDITOR'S REPORT

Crowe Horwath™

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 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") and its subsidiaries (together "the Group") set out on pages 36 to 115, which comprise the consolidated and company statements of financial position as at 30 April 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated 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 2011, 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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 July 2011

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2011

	Note	2011 RMB'000	2010 RMB'000
Turnover	4	**2,234,620**	1,900,784
Cost of sales		**(1,115,267)**	(900,410)
Gross profit		**1,119,353**	1,000,374
Other revenue	5	**22,089**	10,158
Gain arising from changes in fair value less costs to sell of biological assets	21	**66,529**	39,269
Selling and distribution expenses		**(290,888)**	(170,873)
General and administrative expenses		**(205,903)**	(126,268)
Profit from operations		**711,180**	752,660
Finance costs	6(a)	**(115,555)**	(61,540)
Profit before taxation	6	**595,625**	691,120
Income tax	7	**(136,823)**	(115,124)
Profit for the year attributable to equity shareholders of the Company	10	**458,802**	575,996
Earnings per share	12		
– Basic		**RMB51.9 cents**	RMB65.2 cents
– Diluted		**RMB51.6 cents**	RMB64.3 cents

The notes on pages 43 to 115 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2011

	2011 RMB'000	2010 RMB'000
Profit for the year	**458,802**	575,996
Other comprehensive income for the year (after tax)		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax)	**(47,784)**	(1,385)
Total comprehensive income for the year attributable to equity shareholders of the Company	**411,018**	574,611

The notes on pages 43 to 115 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15	**1,631,456**	1,039,831
– Interests in leasehold land held for own use under operating leases	16	**279,286**	224,409
Long-term prepaid rentals	17	**783,899**	837,309
Deposits paid for acquisition of fixed assets	18	**132,553**	–
		2,827,194	2,101,549
Current assets			
Inventories	20	**50,496**	20,632
Biological assets	21	**104,749**	67,068
Current portion of long-term prepaid rentals	17	**49,321**	46,443
Trade and other receivables	22	**58,870**	83,331
Bank deposits with maturity over 3 months		**64,731**	704,121
Cash and cash equivalents	23	**1,711,631**	2,326,516
		2,039,798	3,248,111
Current liabilities			
Due to directors	24	**8,373**	2,488
Trade and other payables	25	**101,857**	40,070
Income tax payable	26(a)	**25,498**	21,258
Convertible Bonds 2010	27(a)	**–**	902,809
		135,728	966,625
Net current assets		**1,904,070**	2,281,486
Total assets less current liabilities		**4,731,264**	4,383,035
Non-current liabilities			
Convertible Bonds 2013	27(b)	**1,315,293**	1,258,720
Deferred tax liabilities	26(b)	**67,153**	53,891
		1,382,446	1,312,611
NET ASSETS		**3,348,818**	3,070,424
CAPITAL AND RESERVES	28		
Share capital		**92,236**	92,236
Reserves		**3,256,582**	2,978,188
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**3,348,818**	3,070,424

Approved and authorised for issue by the board of directors on 28 July 2011.

Sun Shao Feng
Director

Nie Xing
Director

The notes on pages 43 to 115 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 April 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15	**175**	279
Investments in subsidiaries	19	**233,685**	246,062
		233,860	246,341
Current assets			
Trade and other receivables	22	**1,858,663**	1,684,591
Bank deposits with maturity over 3 months		**64,731**	704,121
Cash and cash equivalents	23	**123,485**	772,674
		2,046,879	3,161,386
Current liabilities			
Due to directors	24	**8,373**	1,738
Trade and other payables	25	**1,757**	1,542
Convertible Bonds 2010	27(a)	**–**	902,809
		10,130	906,089
Net current assets		**2,036,749**	2,255,297
Total assets less current liabilities		**2,270,609**	2,501,638
Non-current liabilities			
Convertible Bonds 2013	27(b)	**1,315,293**	1,258,720
Deferred tax liabilities	26(b)	**11,082**	14,868
		1,326,375	1,273,588
NET ASSETS		**944,234**	1,228,050
CAPITAL AND RESERVES	28		
Share capital		**92,236**	92,236
Reserves		**851,998**	1,135,814
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**944,234**	1,228,050

Approved and authorised for issue by the board of directors on 28 July 2011.

Sun Shao Feng
Director

Nie Xing
Director

The notes on pages 43 to 115 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2011

		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 2009		92,236	702,532	147,766	14,694	52,141	94,040	(60,926)	1,530,346	2,572,829
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(1,385)	–	(1,385)
Profit for the year		–	–	–	–	–	–	–	575,996	575,996
Total comprehensive income for the year		–	–	–	–	–	–	(1,385)	575,996	574,611
Equity-settled share-based payment		–	–	–	–	767	–	–	–	767
Profit appropriation to PRC statutory reserve		–	–	8,947	–	–	–	–	(8,947)	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(56,707)	(56,707)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	–	(69,912)	(69,912)
Effect of early redemption of Convertible Bonds 2010		–	–	–	–	–	(4,186)	–	4,702	516
Equity component of Convertible Bonds 2013 issued		–	–	–	–	–	64,426	–	–	64,426
Deferred tax liability on recognition of equity component of Convertible Bonds 2013	26(b)	–	–	–	–	–	(16,106)	–	–	(16,106)
As at 30 April 2010		92,236	702,532	156,713	14,694	52,908	138,174	(62,311)	1,975,478	3,070,424

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2011

		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 2010		92,236	702,532	156,713	14,694	52,908	138,174	(62,311)	1,975,478	3,070,424
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(47,784)	–	(47,784)
Profit for the year		–	–	–	–	–	–	–	458,802	458,802
Total comprehensive income for the year		–	–	–	–	–	–	(47,784)	458,802	411,018
Profit appropriation to PRC statutory reserve		–	–	36,058	–	–	–	–	(36,058)	–
Transfer to retained profits upon lapse of share options		–	–	–	–	(18,698)	–	–	18,698	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(68,289)	(68,289)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	–	(68,043)	(68,043)
Effect of early redemption of Convertible Bonds 2010		–	–	–	–	–	(39,080)	–	42,788	3,708
Transfer to retained profits upon the maturity redemption of Convertible Bonds 2010		–	–	–	–	–	(50,774)	–	50,774	–
As at 30 April 2011		92,236	702,532	192,771	14,694	34,210	48,320	(110,095)	2,374,150	3,348,818

The notes on pages 43 to 115 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2011

	Note	2011 RMB'000	2011 RMB'000	2010 RMB'000	2010 RMB'000
Operating activities					
Cash generated from operations	23(b)	**937,049**		893,496	
PRC enterprise income tax paid		**(119,321)**		(83,996)	
Net cash generated from operating activities			**817,728**		809,500
Investing activities					
Payments for purchase of fixed assets		**(872,656)**		(330,474)	
Payments of long-term prepaid rentals		**(1,825)**		(29,911)	
Decrease/(increase) in bank deposits with maturity over 3 months		**615,312**		(614,286)	
Interest received		**21,854**		8,661	
Net cash used in investing activities			**(237,315)**		(966,010)
Financing activities					
Net proceeds from issuance of Convertible Bonds 2013		**–**		1,318,193	
Payments for redemption of Convertible Bonds 2010		**(987,860)**		(51,000)	
Interest paid		**(40,500)**		–	
Dividends paid		**(136,332)**		(126,619)	
Net cash (used in)/generated from financing activities			**(1,164,692)**		1,140,574
Net (decrease)/increase in cash and cash equivalents			**(584,279)**		984,064
Cash and cash equivalents at 1 May			**2,326,516**		1,344,330
Effect of foreign exchange rate changes			**(30,606)**		(1,878)
Cash and cash equivalents at 30 April	23(a)		**1,711,631**		2,326,516

The notes on pages 43 to 115 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Suites 1904-1905, 19th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, respectively.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 19 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated 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. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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 the consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2011 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 biological assets are measured at their fair value less costs to sell and derivative financial instruments are measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The functional currency of the Company is Hong Kong dollars ("HKD"). The Group adopted Renminbi ("RMB") as its presentation currency in the consolidated financial statements as most of the Group's entities are operating in the People's Republic of China ("PRC") with RMB as their functional currency and the management of the Company control and monitor the performance and financial position of the Group by using RMB.

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 values 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's identifiable assets.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position, 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 at cost less accumulated depreciation and impairment losses (see note 2(f)):

– buildings held for own use which are situated on leasehold land classified as held under operating leases (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(t)).

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	$3^{1}/_{3}$%-6% p.a. or over the term of the lease if shorter
Infrastructure on cultivation bases	5%-20% p.a.
Leasehold improvements	5%-20% p.a.
Machinery	5%-10% p.a.
Furniture, fixtures and office equipment	5%-20% p.a.
Motor vehicles	20%-30% p.a.

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 and long-term prepaid rental are 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 the end of each reporting period 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 the end of each reporting period to identify 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;

– Interests in leasehold land held for own use under operating leases;

– Long-term prepaid rentals;

– Deposits paid for acquisition of fixed assets; and

– Investments in subsidiaries.

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

– Calculation of recoverable amount

The recoverable amount of an asset is the greater 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 the 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 value 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 value 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 are classified as at fair value thought profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

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
- on initial recognition it is part of a portfolio of identified 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 *Financial Instruments: Recognition and Measurement* 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)

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

h) Inventories

Inventories 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 costs to sell on initial recognition and at the end of each reporting period. 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 costs to sell 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 costs to sell at the time of harvest is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell of biological assets shall be included in profit or loss for the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 bond is converted or redeemed.

If the convertible 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 convertible bond is redeemed, the convertible bonds reserve is released directly to retained profits.

When the convertible bond is extinguished before maturity through an early redemption or repurchase where the original conversion privileges are unchanged, the consideration paid and any transaction costs for the redemption or repurchase are allocated to the liability component and equity component using the same allocation basis as when the convertible bond was originally issued. Once the allocation of consideration and transaction costs is made, any resulting gain or loss relating to the liability component is recognised in profit or loss and the amount of consideration relating to equity component is recognised in equity.

l) Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Derivatives are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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.

n) 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 statement of cash flows.

o) 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)

p) 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 in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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)

p) 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) 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.

r) 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.

s) 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 the end of the reporting period. 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)

s) Translation of foreign currencies (continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately 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.

t) 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.

u) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Research and development costs (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit of or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

v) 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;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Related parties (continued)

(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.

w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*

- Amendments to HKAS 27, *Consolidated and separate financial statements*

- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*

- Amendment to HKAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*

- Improvements to HKFRSs (2009)

- HK(IFRIC) 17, *Distributions of non-cash assets to owners*

- HK (Int) 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*

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

The amendment to HKAS 39, the amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17 *Leases* and the issuance of HK (Int) 5 have had no material impact on the Group's financial statements as the amendments and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons;

- The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

3. CHANGES IN ACCOUNTING POLICIES (continued)

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 May 2010 will be recognised in accordance with the new requirements and details guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  – Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  – If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  – Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

  – If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the data of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

  – In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. in future the group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

3. CHANGES IN ACCOUNTING POLICIES (continued)

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 May 2010:

  – If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similiary, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions.

  – If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale citeria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest.

  In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods.

3. CHANGES IN ACCOUNTING POLICIES (continued)

- In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28, Investments in associates, and HKAS 31, *interests in joint ventures*, the following policies will be applied as from 1 May 2010:

  - If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have bean applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  - If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

  Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting polices will be applied prospectively to transactions in current or future periods.

- As a result of the amendments to HKAS 27, as from 1 May 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controliing interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controling interests were under a binding obligation to make good the losses.

  In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

4. TURNOVER

The Group is principally engaged in the growing, processing and sales of agricultural products and consumer food and beverage products.

Turnover represents sales value of agricultural products and consumer food and beverage 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:

	2011	2010
	RMB'000	RMB'000
Fresh produce and processed products	**1,270,184**	1,209,809
Beverage products	**738,456**	409,082
Rice and related products	**193,009**	193,642
Instant noodles	**32,971**	88,251
	2,234,620	1,900,784

5. OTHER REVENUE

	2011	2010
	RMB'000	RMB'000
Interest income on financial assets		
not at fair value through profit or loss		
– interest income from banks	**17,446**	8,524
Other trading income	**4,288**	1,634
Sundry income	**355**	–
	22,089	10,158

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2011 RMB'000	2010 RMB'000
a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible bonds	**121,927**	61,540
Less: interest expense capitalised into construction-in-progress*	**(6,372)**	–
	115,555	61,540

* The borrowing costs have been capitalised at 7.76% per annum

	2011 RMB'000	2010 RMB'000
b) Staff costs		
Contributions to defined contribution retirement plans	**9,359**	1,815
Equity-settled share-based payment expenses	**–**	767
Salaries, wages and other benefits	**194,224**	159,936
	203,583	162,518
c) Other items		
Amortisation of land lease premium (note 16)	**5,375**	4,991
Amortisation of long-term prepaid rentals (note 17)	**52,357**	46,028
Depreciation of property, plant and equipment (note 15(a))	**131,862**	103,009
Impairment loss on property, plant and equipment (note 15(a))	**12,507**	–
Operating lease charges: minimum lease payments		
– property rentals	**6,106**	5,817
Research and development expenses	**36,179**	49,538
Auditor's remuneration		
– audit services	**1,416**	1,098
Cost of inventories sold	**1,115,267**	900,410
Net foreign exchange loss	**53,522**	2,394
Loss on disposal of property, plant and equipment	**203**	126
Loss on redemption of convertible bonds	**2,091**	842

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2011 **RMB'000**	2010 RMB'000
Current tax – Enterprise Income Tax in the PRC		
Provision for the year (note 26(a))	**123,561**	94,822
Deferred tax		
Origination and reversal of temporary differences (note 26(b))	**13,262**	20,302
	136,823	115,124

(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 25% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC.

In accordance with the relevant PRC tax rules and regulations, certain of the Company's PRC subsidiaries are exempted 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 passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007 which took effect on 1 January 2008 (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 a unified rate of 25%. For those enterprises whose Tax Holidays had not commenced prior to 1 January 2008 due to lack of taxable profit before then, such preferential tax treatment commenced from 1 January 2008.

According to the PRC tax law and its interpretation rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full PRC Enterprise Income Tax exemption derived from such business. The Group's principal subsidiaries which are engaged in qualifying agricultural business are entitled to exemption of PRC Enterprise Income Tax.

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 2011 and 2010 has been made as the Group has no estimated assessable profits arising in Hong Kong for 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 or the British Virgin Islands.

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

	2011	2010
	RMB'000	RMB'000
Profit before taxation	**595,625**	691,120
Notional tax on profit before taxation, calculated at rates applicable to profits in the countries concerned	**164,103**	178,654
Tax effect of operating loss of Group companies not subject to income tax	**29,648**	12,601
Tax effect of non-taxable income	**(12,925)**	(11,605)
Tax effect of profit exempted from income tax as a result of tax benefit	**(77,754)**	(99,636)
Withholding tax on profits distributable by the PRC subsidiaries	**17,048**	21,540
Tax effect of unused tax losses not recognised	**7,511**	8,596
Others	**9,192**	4,974
Actual tax expense	**136,823**	115,124

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 2011					
	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	–	1,183	–	3	1,750	2,936
Kung Sze Wai (resigned on 4 January 2011)	–	235	–	8	–	243
Nie Xing	–	743	–	1	1,587	2,331
Ip Siu Kay (resigned on 21 April 2011)	–	550	–	10	901	1,461
Tang Kam Sun (appointed on 4 January 2011 and resigned on 30 June 2011))	–	319	–	2	–	321
Independent non-executive directors						
Hu Ji Rong	35	–	–	–	6	41
Zheng Bao Dong	39	–	–	–	8	47
Huang Zhi Gang	36	–	–	–	6	42
	110	3,030	–	24	4,258	7,422

8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2010					
	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	–	873	244	21	73	1,211
Kung Sze Wai	–	316	–	11	26	353
Leung Kwok Fai, Ben Rich (resigned on 30 September 2009)	–	44	–	2	–	46
Nie Xing	–	707	–	3	59	769
Ip Siu Kay	–	527	–	11	44	582
Independent non-executive directors						
Hu Ji Rong	26	–	–	–	5	31
Zheng Bao Dong	22	–	–	–	4	26
Huang Zhi Gang	26	–	–	–	5	31
	74	2,467	244	48	216	3,049

No directors of the Company had waived any emoluments and no emoluments was paid or payable by the Group to any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2011 and 2010.

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(o)(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 section headed "Interests in Share Options" in the directors' report and note 29.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, three (2010: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2010: two) individuals are as follows:

	2011	2010
	RMB'000	RMB'000
Salaries and other emoluments	**1,275**	1,160
Discretionary bonuses	**901**	97
Retirement scheme contributions	**9**	22
	2,185	1,279

The emoluments of the two (2010: two) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2011	2010
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-832,000	**1**	2
1,000,001-1,500,000	832,001-1,248,000	**1**	–
		2	2

10. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB197,612,000 (2010: RMB75,081,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's (loss)/profit for the year:

	2011 **RMB'000**	2010 RMB'000
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	**(197,612)**	(75,081)
Interim dividends from subsidiaries attributable to the profits of the current financial year, approved during the year	**140,000**	235,200
Company's (loss)/profit for the year (note 28(a))	**(57,612)**	160,119

11. DIVIDENDS

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

	2011 **RMB'000**	2010 RMB'000
Interim dividend declared and paid of HK$0.090 (equivalent to approximately RMB0.077) (2010: HK$0.090) per ordinary share	**68,043**	69,912
Final dividend proposed of HK$0.065 (equivalent to approximately RMB0.054) (2010: HK$0.090) per ordinary share	**48,010**	69,801
	116,053	139,713

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

11. DIVIDENDS (continued)

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

	2011	2010
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.090 (2010: HK$0.073) per ordinary share	**68,289**	56,707

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB458,802,000 (2010: RMB575,996,000) and the weighted average number of 884,035,543 ordinary shares (2010: 884,035,543 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the adjusted profit attributable to equity shareholders of the Company of RMB458,802,000 (2010: RMB637,536,000) and the weighted average number of 888,865,384 ordinary shares (2010: 990,943,764 ordinary shares), calculated as follows:

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

	2011	2010
	RMB'000	RMB'000
Profit attributable to ordinary equity shareholders	**458,802**	575,996
After tax effect of effective interest on liability component of convertible bonds	**–**	61,540
Profit attributable to equity shareholders used to determine diluted earnings per share	**458,802**	637,536

12. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

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

	2011 Number of ordinary shares	2010 Number of ordinary shares
Weighted average number of ordinary shares for calculation of basic earnings per share	**884,035,543**	884,035,543
Effect of deemed issue of shares under the Company's share option scheme	**4,829,841**	6,282,565
Effect of conversion of convertible bonds	**–**	100,625,656
Weighted average number of ordinary shares for calculation of diluted earnings per share	**888,865,384**	990,943,764

During the year ended 30 April 2011, 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 2011, the Group's retirement plan contributions amounted to approximately RMB9,359,000 (2010: RMB1,815,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

14. SEGMENT REPORTING

The Group manages its businesses by product types. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Fresh produce and processed products: this segment grows and processes and sells agricultural produce. Currently the Group's activities in this regard are carried out in the PRC.

- Beverage products: this segment manufactures and sells beverage products. Currently the Group's activities in this regard are carried out in the PRC.

- Rice and related products: this segment processes and sells rice and rice flour products. Currently the Group's activities in this regard are carried out in the PRC.

- Instant noodles: this segment manufactures and sells instant noodles. Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

14. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

The measure used for reporting segment profit is "adjusted operating profit". To arrive at "adjusted operating profit", the Group's profit is adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs. Taxation charge is not allocated to reportable segment profit. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 April 2011 and 2010 is set out below.

	Fresh produce and processed products		Beverage products		Rice and related products		Instant noodles		Total	
	2011 RMB'000	2010 RMB'000	**2011 RMB'000**	2010 RMB'000	**2011 RMB'000**	2010 RMB'000	**2011 RMB'000**	2010 RMB'000	**2011 RMB'000**	2010 RMB'000
Revenue from external customers	**1,270,184**	1,209,809	**738,456**	409,082	**193,009**	193,642	**32,971**	88,251	**2,234,620**	1,900,784
Inter-segment revenue	**2,950**	–	**–**	–	**–**	–	**–**	–	**2,950**	–
Reportable segment revenue	**1,273,134**	1,209,809	**738,456**	409,082	**193,009**	193,642	**32,971**	88,251	**2,237,570**	1,900,784
Reportable segment profit/(loss)	**532,082**	520,820	**215,864**	189,725	**62,438**	70,727	**(4,868)**	20,877	**805,516**	802,149
Interest income	**3,793**	2,472	**942**	589	**190**	206	**28**	94	**4,953**	3,361
Depreciation and amortisation	**132,340**	111,743	**23,038**	11,667	**10,877**	8,658	**4,215**	3,809	**170,470**	135,877
Impairment loss on property, plant and equipment	**–**	–	**–**	–	**–**	–	**12,507**	–	**12,507**	–
Income tax	**72,501**	62,136	**51,862**	29,225	**14,538**	19,282	**1,708**	5,719	**140,609**	116,362
Reportable segment assets	**3,050,041**	2,555,678	**844,231**	402,666	**179,127**	195,534	**47,808**	84,840	**4,121,207**	3,238,718
Additions to non-current assets during the year	**434,587**	205,661	**432,420**	63,049	**47**	–	**–**	–	**867,054**	268,710
Reportable segment liabilities	**33,713**	23,590	**61,528**	14,273	**3,702**	607	**196**	106	**99,139**	38,576

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

14. SEGMENT REPORTING (continued)

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other items

	2011 RMB'000	2010 RMB'000
Revenue		
Reportable segment revenue	**2,237,570**	1,900,784
Elimination of inter-segment revenue	**(2,950)**	–
Consolidated turnover	**2,234,620**	1,900,784
Profit or loss		
Reportable segment profit derived from Group's external customers	**805,516**	802,149
Finance costs	**(115,555)**	(61,540)
Finance income	**12,493**	5,163
Other revenue	**4,643**	1,634
Unallocated depreciation and amortisation	**(19,124)**	(18,151)
Unallocated head office and corporate expenses	**(90,257)**	(37,293)
Loss on redemption of convertible bonds	**(2,091)**	(842)
Consolidated profit before taxation	**595,625**	691,120

	2011 RMB'000	2010 RMB'000
Assets		
Reportable segment assets	**4,121,207**	3,238,718
Unallocated head office and corporate assets:		
– fixed assets	**308,082**	269,331
– bank deposit with maturity over 3 months	**64,731**	704,121
– cash and cash equivalents	**364,919**	1,123,300
– other assets	**8,053**	14,190
Consolidated total assets	**4,866,992**	5,349,660

	2011 RMB'000	2010 RMB'000
Liabilities		
Reportable segment liabilities	**99,139**	38,576
Convertible Bonds 2010	**–**	902,809
Convertible Bonds 2013	**1,315,293**	1,258,720
Income tax payable	**25,498**	21,258
Deferred tax liabilities	**67,153**	53,891
Unallocated head office and corporate liabilities	**11,091**	3,982
Consolidated total liabilities	**1,518,174**	2,279,236

14. SEGMENT REPORTING (continued)

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other items (continued)

Other items

	Fresh produce and processed products		Beverage products		Rice and related products		Instant noodles		Unallocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Interest income	**3,793**	2,472	**942**	589	**190**	206	**28**	94	**12,493**	5,163	**17,446**	8,524
Depreciation and amortization	**132,340**	111,743	**23,038**	11,667	**10,877**	8,658	**4,215**	3,809	**19,124**	18,151	**189,594**	154,028
Impairment loss on property, plant and equipment	**–**	–	**–**	–	**–**	–	**12,507**	–	**–**	–	**12,507**	–
Income tax	**72,501**	62,136	**51,862**	29,225	**14,538**	19,282	**1,708**	5,719	**(3,786)**	(1,238)	**136,823**	115,124
Additions to non-current assets during the year	**434,587**	205,661	**432,420**	63,049	**47**	–	**–**	–	**63,785**	8,250	**930,839**	276,960

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, long-term prepaid rentals and deposits paid for acquisition of fixed assets ("specified non-current assets"). The geographical location of customers is based on the location to which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets.

14. SEGMENT REPORTING (continued)

(c) Geographical information (continued)

	Revenues from external customers		Specified non-current assets	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC (place of domicile)				
– Sales to import/export companies in the PRC (i)	**844,771**	–		
– Sales to other customers in the PRC	**1,389,849**	1,045,956		
	2,234,620	1,045,956	**2,827,194**	2,101,549
Japan (i)	**–**	354,701	**–**	–
Other Asian countries (i)	**–**	203,859	**–**	–
Europe (i)	**–**	195,205	**–**	–
Africa (i)	**–**	51,293	**–**	–
America (i)	**–**	41,800	**–**	–
Australia (i)	**–**	7,970	**–**	–
	–	854,828	**–**	–
	2,234,620	1,900,784	**2,827,194**	2,101,549

(i) Sales that had previously been made directly to overseas customers were made to import/export companies in the PRC in the current year.

(d) Information about major customers

For the year ended 30 April 2011, the Group's revenue included sales to the Group's three most significant customers amounting to approximately RMB300,190,000 (2010: RMBNil), RMB279,056,000 (2010: RMBNil) and RMB260,506,000 (2010: RMBNil) respectively, which are generated from the sales of fresh produce and processed products. No other single customers contributed 10% or more to the Group's revenue for the years ended 30 April 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings (Note i) 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 (Note ii) RMB'000	Total RMB'000
Cost:								
At 1 May 2009	267,141	319,123	80,315	321,574	23,023	4,195	99,939	1,115,310
Exchange realignment	–	–	–	–	(2)	–	–	(2)
Additions	4,856	2,970	–	65,922	2,863	230	170,208	247,049
Transfer	–	102,793	–	–	–	–	(102,793)	–
Disposals	–	–	–	(380)	(76)	(350)	–	(806)
At 30 April 2010 and 1 May 2010	271,997	424,886	80,315	387,116	25,808	4,075	167,354	1,361,551
Exchange realignment	–	–	–	–	(32)	–	–	(32)
Additions	206	132,507	–	203,034	4,367	334	395,761	736,209
Transfer	233,730	33,620	–	92,218	–	–	(359,568)	–
Disposals	–	–	–	(2,590)	(409)	(60)	–	(3,059)
At 30 April 2011	505,933	591,013	80,315	679,778	29,734	4,349	203,547	2,094,669
Accumulated depreciation and Impairment loss:								
At 1 May 2009	26,870	119,765	3,140	61,248	6,605	1,764	–	219,392
Exchange realignment	–	–	–	–	(1)	–	–	(1)
Charge for the year	11,272	47,037	9,644	30,994	3,359	703	–	103,009
Written back on disposals	–	–	–	(275)	(72)	(333)	–	(680)
At 30 April 2010 and 1 May 2010	38,142	166,802	12,784	91,967	9,891	2,134	–	321,720
Exchange realignment	–	–	–	–	(20)	–	–	(20)
Charge for the year	15,017	58,564	7,641	46,667	3,435	538	–	131,862
Impairment loss	–	–	–	12,507	–	–	–	12,507
Written back on disposals	–	–	–	(2,430)	(366)	(60)	–	(2,856)
At 30 April 2011	53,159	225,366	20,425	148,711	12,940	2,612	–	463,213
Carrying amount:								
At 30 April 2011	452,774	365,647	59,890	531,067	16,794	1,737	203,547	1,631,456
At 30 April 2010	233,855	258,084	67,531	295,149	15,917	1,941	167,354	1,039,831

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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:

	2011 RMB'000	2010 RMB'000
Construction cost of building structure	**116,074**	108,754
Construction cost of infrastructure on cultivation bases	**–**	12,174
Cost of machinery pending installation	**87,473**	46,426
	203,547	167,354

(b) The Company

	Furniture, fixtures and office equipment RMB'000
Cost:	
At 1 May 2009	610
Exchange realignment	(2)
Additions	22
At 30 April 2010 and 1 May 2010	630
Exchange realignment	(32)
Additions	5
At 30 April 2011	603
Accumulated depreciation:	
At 1 May 2009	253
Exchange realignment	(1)
Charge for the year	99
At 30 April 2010 and 1 May 2010	351
Exchange realignment	(20)
Charge for the year	97
At 30 April 2011	428
Carrying amount:	
At 30 April 2011	175
At 30 April 2010	279

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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

The Group

	2011 RMB'000	2010 RMB'000
Cost:		
At 1 May	**238,812**	238,812
Additions	**60,252**	–
At 30 April	**299,064**	238,812
Accumulated amortisation:		
At 1 May	**14,403**	9,412
Amortisation for the year (note 6(c))	**5,375**	4,991
At 30 April	**19,778**	14,403
Carrying amount:		
At 30 April	**279,286**	224,409

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 end of the reporting period under operating leases in the PRC. The lease terms ranged from 1 year to 30 years. The movement of the long-term prepaid rentals is summarised as follows:

	2011 RMB'000	2010 RMB'000
Cost:		
At 1 May	**1,127,137**	1,097,226
Additions	**1,825**	29,911
At 30 April	**1,128,962**	1,127,137
Accumulated amortisation:		
At 1 May	**243,385**	197,357
Amortisation for the year (note 6(c))	**52,357**	46,028
At 30 April	**295,742**	243,385
Carrying amount:		
At 30 April	**833,220**	883,752

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

17. LONG-TERM PREPAID RENTALS (continued)

Analysis of long-term prepaid rentals is as follows:

	2011 RMB'000	2010 RMB'000
Non-current portion	783,899	837,309
Current portion	49,321	46,443
Carrying amount at 30 April	833,220	883,752

18. DEPOSITS PAID FOR ACQUISITION OF FIXED ASSETS

The Group

	2011 RMB'000	2010 RMB'000
Deposits paid for acquisition of interests in leasehold land held for own use under operating lease	10,320	–
Deposits paid for acquisition of property, plant and equipment	122,233	–
	132,553	–

19. INVESTMENTS IN SUBSIDIARIES

The Company

	2011 RMB'000	2010 RMB'000
Unlisted shares, at cost		
At 1 May	246,062	246,988
Additions	324	–
Exchange realignment	(12,701)	(926)
At 30 April	233,685	246,062

19. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2011 are as follows:

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective holding	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activities
Direct subsidiaries:						
China Green Food Group Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	100%	–	Inactive
Crop Harvest Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Dragon Choice Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Goldprosper Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
China Green Harvest Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Icatrad Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
On Success Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Summit Achieve Holdings Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Crown Rise Enterprises Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	–	Inactive

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For the year ended 30 April 2011

19. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2011 are as follows: (continued)

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Indirect subsidiaries:						
China Green Foods Group Co., Ltd. (note (i))	The PRC	HK$250,000,000	100%	–	100%	Investment holding
China Green (Jiangxi) 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$5,000,000	100%	–	100%	Sales of beverage product
China Green Harvest (Xiamen) Frozen Food Company Limited (formally known as "China Green (Xiamen) Logistics Company Limited") (note (i))	The PRC	US$8,000,000	100%	–	100%	Trading of agricultural and frozen 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	US$5,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Hebei) Food Development Limited (note (ii))	The PRC	US$1,446,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Hubei) Food Development Limited (note (ii))	The PRC	RMB10,000,000	100%	–	100%	Growing, processing and sales of agricultural products

19. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2011 are as follows: (continued)

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Zhonglu (Quanzhou) Green Foods Development Co. Ltd. (note (ii))	The PRC	HK$105,000,000	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$200,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Shanghai Zhonglu Foodstuff Co., Ltd. (note (iii))	The PRC	RMB3,000,000	100%	–	100%	Inactive
Fengxin Zhonglu Biyun Organic Rice Science Technology Limited (note (iii))	The PRC	RMB20,040,080	100%	–	100%	Inactive
Hubei Eco-sky Agricultural Development Limited (note (iii))	The PRC	RMB20,000,000	100%	–	100%	Inactive
Zhonglu (Shanghai) Food and Catering Ltd. (note (iii))	The PRC	RMB1,000,000	100%	–	100%	Sales of food
China Green (Xiamen) Supply Chain Company Limited (note (ii))	The PRC	HK$50,000,000	100%	–	100%	Provision of logistics services

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

20. INVENTORIES

The Group

Inventories represent the following:

	Note	2011 RMB'000	2010 RMB'000
Raw materials	(i)	**10,643**	5,570
Agricultural materials	(ii)	**2,372**	2,046
Consumable and packing materials	(iii)	**9,431**	4,102
Work-in-progress	(iv)	**16,822**	7,149
Finished goods		**11,228**	1,765
Total		**50,496**	20,632

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 end of the reporting period.

(iii) Consumable and packing materials include office materials, packing materials and other consumable materials not yet consumed as at the end of the reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

21. BIOLOGICAL ASSETS

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

	2011 RMB'000	2010 RMB'000
At 1 May	**67,068**	50,434
Gain arising from changes in fair value less costs to sell		
– included in inventories	**13,969**	2,618
– included in cost of sales	**291,378**	200,068
– on the face of the consolidated income statement	**66,529**	39,269
Increase due to plantation	**256,951**	224,659
Decrease due to harvest	**(591,146)**	(449,980)
At 30 April	**104,749**	67,068

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

	2011 RMB'000	2010 RMB'000
Vegetables	**85,960**	48,113
Fruit	**18,789**	18,955
	104,749	67,068

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

	2011 RMB'000	2010 RMB'000
At fair value less costs to sell	**104,749**	67,068

Vegetables and fruit were stated at fair value less costs to sell as at 30 April 2011 and 2010. The fair value was determined based on the market price of respective matured produce in the local market adjusted with reference to the cultivation areas, growing conditions, cost incurred and to be incurred and expected yield of the crops.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

21. BIOLOGICAL ASSETS (continued)

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

	2011		2010	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable and rice	**365,160**	**546,285**	341,500	409,409
Fruit	**22,830**	**44,861**	21,680	40,571
	387,990	**591,146**	363,180	449,980

22. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2011 RMB'000	2010 RMB'000	**2011 RMB'000**	2010 RMB'000
Amounts due from subsidiaries	**–**	–	**1,858,210**	1,678,688
Trade receivables	**27,334**	29,319	**–**	–
Interest receivable	**3,322**	8,006	**32**	5,457
Other receivables	**2,194**	365	**1**	2
Loans and receivables	**32,850**	37,690	**1,858,243**	1,684,147
Rental and other deposits	**553**	39,234	**420**	444
Prepayments	**3,499**	1,939	**–**	–
Value added tax recoverable	**21,968**	4,468	**–**	–
	58,870	83,331	**1,858,663**	1,684,591

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) Included in trade and other receivables are trade receivables with the following ageing analysis as of the end of the reporting period:

	The Group	
	2011	2010
	RMB'000	RMB'000
Within 1 month	**27,334**	29,319

Trade receivables are due within 30 days from the date of billing.

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

	2011	2010
	RMB'000	RMB'000
Cash at bank	**1,710,824**	2,326,253
Cash on hand	**807**	263
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**1,711,631**	2,326,516

The Company

	2011	2010
	RMB'000	RMB'000
Cash at bank	**123,485**	772,674
Cash and cash equivalents in the statement of financial position	**123,485**	772,674

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

23. CASH AND CASH EQUIVALENTS (continued)

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

	The Group	
	2011	2010
	RMB'000	RMB'000
Profit before taxation	**595,625**	691,120
Adjustments for:		
Amortisation of land lease premium	**5,375**	4,991
Amortisation of long-term prepaid rentals	**52,357**	46,028
Depreciation of property, plant and equipment	**131,862**	103,009
Loss on disposal of property, plant and equipment	**203**	126
Impairment loss on property, plant and equipment	**12,507**	–
Gain on changes in fair value less costs to sell of biological assets	**(66,529)**	(39,269)
Interest income	**(17,446)**	(8,524)
Interest expenses	**115,555**	61,540
Loss on redemption of convertible bonds	**2,091**	842
Foreign exchange loss	**68,997**	852
Equity-settled share-based payment expenses	**–**	767
	900,597	861,482
Changes in working capital:		
(Increase)/decrease in inventories	**(29,864)**	994
Decrease in biological assets	**28,849**	22,635
Increase in trade and other receivables	**(18,683)**	(586)
Increase in amounts due to directors	**5,885**	750
Increase in trade and other payables	**50,265**	8,221
Cash generated from operations	**937,049**	893,496

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	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amount due to a subsidiary	**–**	–	**309**	–
Trade payables	**26,940**	8,239	**–**	–
Accrued salaries and wages	**12,877**	10,743	**75**	287
Payable for acquisition of fixed assets	**28,426**	16,903	**–**	–
Other accruals and payables	**9,211**	1,854	**1,373**	1,255
Financial liabilities measured at amortised cost	**77,454**	37,739	**1,757**	1,542
Receipts in advance	**10,012**	–	**–**	–
Other taxes payable	**14,391**	2,331	**–**	–
	101,857	40,070	**1,757**	1,542

Included in trade and other payables are trade payables with the following ageing analysis as of the end of the reporting period:

	The Group	
	2011	2010
	RMB'000	RMB'000
Within 1 month	**20,165**	8,239
Over 1 month but within 3 months	**6,775**	–
	26,940	8,239

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2011	2010
	RMB'000	RMB'000
At 1 May	**21,258**	10,432
Provision for the PRC Enterprise Income Tax for the year (note 7(a))	**123,561**	94,822
Tax paid during the year	**(119,321)**	(83,996)
At 30 April	**25,498**	21,258

b) Deferred tax liabilities recognised

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	The Group		
	Undistributed profits of foreign controlled entities	**Convertible bonds**	**Total**
	RMB'000	RMB'000	RMB'000
Deferred tax arising from:			
At 1 May 2009	17,483	–	17,483
Recognised directly in equity	–	16,106	16,106
Charged/(credited) to profit or loss (note 7(a))	21,540	(1,238)	20,302
At 30 April 2010 and 1 May 2010	39,023	14,868	53,891
Charged/(credited) to profit or loss (note 7(a))	17,048	(3,786)	13,262
At 30 April 2011	56,071	11,082	67,153

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

b) Deferred tax liabilities recognised (continued)

	The Company
	RMB'000
Deferred tax arising from equity component of convertible bonds:	
At 1 May 2009	–
Recognised directly in equity	16,106
Credited to profit or loss	(1,238)
At 30 April 2010 and 1 May 2010	14,868
Credited to profit or loss	(3,786)
At 30 April 2011	11,082

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

Pursuant to the New Tax Law 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.

As at 30 April 2011, deferred tax liabilities of approximately RMB56,071,000 (2010: RMB39,023,000) 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 RMB140,587,000 (2010: RMB90,308,000) 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 2011 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2011.

c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB141,877,000 (2010: RMB116,949,000) as it is not probable that future taxable profits against which the tax losses can be utilised 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 ("Convertible Bonds 2010") 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 Convertible Bonds 2010 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.

Interest expense on Convertible Bonds 2010 is calculated using the effective interest method by applying the effective interest rate of 5.886% per annum to the liability component of Convertible Bonds 2010. On the maturity date, the outstanding Convertible Bonds 2010 was required to be redeemed by the Company at 104.6% of the principal amount.

On giving not less than 30 nor more than 60 days' notice to the holders of Convertible Bonds 2010, the Company may redeem all or some of the Convertible Bonds 2010 provided that the closing price of the Company's shares for each of the 30 consecutive trading days, the last day of which falls within five trading days prior to the date upon which notice of such redemption is given was at least 130% of the applicable early redemption amount for each bond divided by the conversion ratio.

The Company may redeem the Convertible Bonds 2010 in whole, but not in part, by giving not less than 30 nor more than 60 days' notice to the holders if (i) the Company has or will become obligated to pay any additional tax amounts in respect of any payment under the Convertible Bonds 2010 as a result of any change in, or amendment to, the laws or regulations of Bermuda or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 22 October 2007; and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to the Company.

In the event that (i) the Company's shares cease to be listed or admitted to trading on the Stock Exchange; or (ii) there is a change of control; or (iii) there is a merger, each holder of Convertible Bonds 2010 shall have a right, at such holder's option, to require the Company to redeem all or some of the Convertible Bonds 2010.

During the period from 1 May 2010 to 29 October 2010, the date of maturity, the Company repurchased Convertible Bonds 2010 with principal amount of RMB455,000,000 (2010: RMB50,000,000) at RMB470,090,000 (2010: RMB51,000,000) through an open market, and a loss of approximately RMB2,091,000 (2010: RMB842,000) from the repurchase was recognised in profit or loss. Immediately after the repurchase, the Convertible Bonds 2010 with principal amount of RMB495,000,000 (2010: RMB950,000,000) remained outstanding.

On 29 October 2010, the outstanding Convertible Bonds 2010 with principal amount of RMB495,000,000 were redeemed by the Company at 104.6% of the principal amount.

Since the date of issue up to the date of maturity, no Convertible Bonds 2010 has been converted into the Company's ordinary shares.

27. CONVERTIBLE BONDS (continued)

The Group and the Company (continued)

b) Pursuant to a bond subscription agreement dated 17 March 2010, the Company issued US Dollar Settled guaranteed convertible bonds ("Convertible Bonds 2013") with an aggregate principal amount of RMB1,350,000,000 to independent investors on 12 April 2010. The bondholders have the rights to convert all or any portion of Convertible Bonds 2013 into ordinary shares of the Company at an initial conversion price of HK$11.244 per ordinary share at a fixed exchange rate HK$1.00 = RMB0.8794 (subject to adjustment) at any time during the period from 24 May 2010 to 4 April 2013.

Convertible Bonds 2013 bears interest at 3% per annum payable by the Company semi-annually in arrear and will mature on 11 April 2013. On the maturity date, the outstanding convertible bonds will be redeemed by the Company at 106.388% of the principal amount.

Interest expense on Convertible Bonds 2013 is calculated using the effective interest method by applying the effective interest rate of 7.76% per annum to the liability component of Convertible Bonds 2013.

On giving not less than 30 nor more than 90 days' notice to the holders of Convertible Bonds 2013, the Company may redeem all, and not some of the Convertible Bonds 2013 plus accrued and unpaid interest on the redemption date provided that at least 90% in principal amount of the Convertible Bonds 2013 have already been converted, redeemed or purchased and cancelled.

The Company may redeem the Convertible Bonds 2013 plus accrued interest in whole, but not in part, by giving not less than 30 nor more than 60 days' notice to the holders if (i) the Company has or will become obligated to pay any additional tax amounts in respect of any payment under the Convertible Bonds 2013 as a result of any change in, or amendment to, the laws or regulations of Bermuda, the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 17 March 2010; and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to the Company.

In the event that (i) the Company's shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange; or (ii) the Company's shares are suspended for a period equal to or exceeding 45 trading days on the Hong Kong Stock Exchange, each holder of Convertible Bonds 2013 shall have a right to require the Company to redeem all, and not some of such holder's Convertible Bonds 2013.

Since the date of issue up to 30 April 2011, no Convertible Bonds 2013 has been converted into the Company's ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 2009		92,236	702,532	294,402	52,141	94,040	65,760	(152,039)	1,149,072
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(4,125)	(4,125)
Profit for the year		–	–	–	–	–	160,119	–	160,119
Total comprehensive income for the year		–	–	–	–	–	160,119	(4,125)	155,994
Equity-settled share-based transactions		–	–	–	767	–	–	–	767
Effect of early redemption of Convertible Bonds 2010		–	–	–	–	(4,186)	4,702	–	516
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	(56,707)	–	(56,707)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	(69,912)	–	(69,912)
Equity component of Convertible Bonds 2013 issued		–	–	–	–	64,426	–	–	64,426
Deferred tax liability on recognition of equity component of Convertible Bonds 2013	26(b)	–	–	–	–	(16,106)	–	–	(16,106)
At 30 April 2010		92,236	702,532	294,402	52,908	138,174	103,962	(156,164)	1,228,050
At 1 May 2010		92,236	702,532	294,402	52,908	138,174	103,962	(156,164)	1,228,050
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(93,580)	(93,580)
Loss for the year		–	–	–	–	–	(57,612)	–	(57,612)
Total comprehensive income for the year		–	–	–	–	–	(57,612)	(93,580)	(151,192)
Transfer to retained profits upon lapse of share options		–	–	–	(18,698)	–	18,698	–	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	(68,289)	–	(68,289)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	(68,043)	–	(68,043)
Effect of early redemption of Convertible Bonds 2010		–	–	–	–	(39,080)	42,788	–	3,708
Transfer to retained profits upon the maturity redemption of Convertible Bonds 2010		–	–	–	–	(50,774)	50,774	–	–
At 30 April 2011		92,236	702,532	294,402	34,210	48,320	22,278	(249,744)	944,234

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 2011, 30 April 2010, and 1 May 2009	2,000,000	200,000	212,000
Issued and fully paid:			
At 30 April 2011, 30 April 2010, and 1 May 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

28. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

(ii) Terms and unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	2011 Number of share options	2010 Number of share options
19 April 2007 to 11 December 2013	HK$3.50	**3,777,000**	7,875,000
30 May 2008 to 11 December 2013	HK$7.29	**12,900,000**	18,900,000
3 April 2009 to 11 December 2013	HK$8.50	**–**	600,000
		16,677,000	27,375,000

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. The share premium account of the Company is distributable to the equity shareholders of the Company in the form of fully paid bonus shares.

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 respective 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(o)(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(s).

(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 reorganisation prior to the listing of the Company's shares on 13 January 2004.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus mentioned above, was approximately RMB66,936,000 (2010: RMB242,200,000). In addition, the Company's share premium account, in the amount of approximately RMB702,532,000 at 30 April 2011 (2010: RMB702,532,000), may be distributed in the form of fully paid bonus shares. After the end of the reporting period, the directors proposed a final dividend of HK$0.065 per ordinary share (equivalent to approximately RMB0.054 per ordinary share) (2010: HK$0.09 per ordinary share), amounting to approximately RMB48,010,000 (2010: RMB69,801,000) (note 11(a)). This dividend has not been recognised as a liability at the end of the reporting period.

(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.

28. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

During the year ended 30 April 2011, 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 equivalents 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 or sell assets to reduce debt.

The net debt-to-equity ratio at 30 April 2011 and 2010 was as follows:

		The Group		The Company	
		2011	2010	**2011**	2010
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Trade and other payables	25	**101,857**	40,070	**1,757**	1,542
Due to directors	24	**8,373**	2,488	**8,373**	1,738
Convertible bonds	27	**1,315,293**	2,161,529	**1,315,293**	2,161,529
Total debt		**1,425,523**	2,204,087	**1,325,423**	2,164,809
Add: Proposed dividends	11(a)	**48,010**	69,801	**48,010**	69,801
Less: Cash and cash equivalents	23	**(1,711,631)**	(2,326,516)	**(123,485)**	(772,674)
Net (cash)/debt		**(238,098)**	(52,628)	**1,249,948**	1,461,936
Total equity	28	**3,348,818**	3,070,424	**944,234**	1,228,050
Adjusted net debt-to-equity ratio		**N/A**	N/A	**132%**	119%

The adjusted net debt-to-equity ratio of the Company was over 100% as at 30 April 2011 and 2010. The Company regarded that such situation was short term only. In order to maintain or adjust the capital structure, the Company may adjust the dividends from subsidiaries and the dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Pursuant to a bond subscription agreement date 17 March 2010, 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. The Group is in compliance with the capital requirement.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 share options '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:

	2011		2010	
	Weighted average exercise price	**Number of options '000**	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	**HK$6.23**	**27,375**	HK$6.23	27,375
Lapsed during the year	**HK$5.91**	**(10,698)**	–	–
Outstanding at the end of the year	**HK$6.43**	**16,677**	HK$6.23	27,375
Exercisable at the end of the year	**HK$6.43**	**16,677**	HK$6.23	27,375

The options outstanding at 30 April 2011 had an exercise price of HK$3.50 or HK$7.29 (30 April 2010: HK$3.50, HK$7.29 or HK$8.50) and a weighted average remaining contractual life of 2.62 years (2010: 3.62 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 Model. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

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$8.51
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 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 is also exposed to financial risks arising from changes in agricultural produce prices, which are constantly affected by both demand and supply cycles of the agricultural industry. As a result, the movements of the prices may have significant impact on the Group's earnings and valuation of biological assets as well as cash flows and liquidity. Whilst efforts have been made to implement certain strategies, there can be no assurance that the Group will be fully shielded from negative effects resulting from movements of agricultural produce prices.

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 statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables, bank deposits maturing 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 maturing 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 maturing 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 normally due within 30 days from the date of billing. Debtors with balances that are due for more than 30 days 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 end of the reporting period, 10% (2010: 0%) and 28% (2010: 2%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Credit risk (continued)

The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial postion 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.

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 end of the reporting period 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 end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

2011

		Contractual undiscounted cash outflow			
	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	8,373	8,373	8,373	–	–
Trade and other payables	77,454	77,454	77,454	–	–
Convertible bonds	1,315,293	1,517,238	40,500	1,476,738	–
	1,401,120	1,603,065	126,327	1,476,738	–

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Liquidity risk (continued)

The Group (continued)

2010

	Carrying amount at 30 April RMB'000	Contractual undiscounted cash outflow 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	2,488	2,488	2,488	–	–
Trade and other payables	40,070	40,070	40,070	–	–
Convertible bonds	2,161,529	2,551,438	1,034,200	40,500	1,476,738
	2,204,087	2,593,996	1,076,758	40,500	1,476,738

The Company

2011

	Carrying amount at 30 April RMB'000	**Contractual undiscounted cash outflow 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	**8,373**	**8,373**	**8,373**	**–**	**–**
Trade and other payables	**1,757**	**1,757**	**1,757**	**–**	**–**
Convertible bonds	**1,315,293**	**1,517,238**	**40,500**	**1,476,738**	**–**
	1,325,423	**1,527,368**	**50,630**	**1,476,738**	**–**

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Liquidity risk (continued)

The Company (continued)

2010

	Carrying amount at 30 April RMB'000	Total RMB'000	Contractual undiscounted cash outflow 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	1,738	1,738	1,738	–	–
Trade and other payables	1,542	1,542	1,542	–	–
Convertible bonds	2,161,529	2,551,438	1,034,200	40,500	1,476,738
	2,164,809	2,554,718	1,037,480	40,500	1,476,738

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 2011, 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.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings 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 RMB and United States dollars ("USD"). The Group manages this risk as follows:

RMB 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.

In respect of cash at banks, trade and other receivables, trade and other payables and borrowings held in a currency other than the functional currency of the operations to which they relate, 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.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded and certain comparative figures have been adjusted to conform to current year's presentation.

The Group

	2011 (expressed in RMB)	
	RMB '000	USD '000
Cash and cash equivalents	–	199,399
Bank deposits with maturity over 3 months	–	64,731
Trade and other receivables	–	2,555
Trade and other payables	–	(4,636)
Convertible bonds	(1,315,293)	–
Overall net exposure	(1,315,293)	262,049

	2010 (expressed in RMB)	
	RMB '000	USD '000
Cash and cash equivalents	–	853,103
Bank deposits with maturity over 3 months	–	682,539
Trade and other receivables	–	22,396
Trade and other payables	–	–
Convertible bonds	(2,161,529)	–
Overall net exposure	(2,161,529)	1,558,038

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Currency risk (continued)

(i) Exposure to currency risk (continued)

The Company

	2011 (expressed in RMB)	
	RMB '000	USD '000
Cash and cash equivalents	–	119,921
Bank deposits with maturity over 3 months	–	64,731
Trade and other receivables	–	32
Due from the subsidiaries	728,924	–
Convertible bonds	(1,315,293)	–
Overall net exposure	(586,369)	184,684

	2010 (expressed in RMB)	
	RMB '000	USD '000
Cash and cash equivalents	–	762,838
Bank deposits with maturity over 3 months	–	682,539
Trade and other receivables	–	4,312
Due from the subsidiaries	719,414	–
Convertible bonds	(2,161,529)	–
Overall net exposure	(1,442,115)	1,449,689

(ii) Sensitivity analysis

During the year ended 30 April 2011, if RMB has strengthened by 5%, with all other risk variables remained constant, the Group's profit after taxation and retained profits would decrease by approximately RMB78,900,000 (2010: RMB186,000,000). For a 5% weakening of RMB, there would be an equal and opposite impact on the profit after taxation and retained profits. Other components of consolidated equity would not be affected by the changes in foreign exchange rates.

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2010.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Fair values

All financial instruments are carried at amounts not materially different from their fair value as at 30 April 2011 and 2010.

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.

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 maturing over 3 months, trade and other receivables, amounts due to directors, and 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.

(iii) Biological assets

The estimate of fair values of biological assets is disclosed in note 34.

31. COMMITMENTS

a) Capital commitments

Capital commitments of the Group at 30 April 2011 not provided for in the financial statements were as follows:

	2011 **RMB'000**	2010 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**151,176**	93,887

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

31. COMMITMENTS (continued)

b) Operating lease commitments

At 30 April 2011, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2011 RMB'000	2010 RMB'000
The Group		
Within one year	**8,450**	13,165
After one year but within five years	**31,780**	33,333
After five years	**162,840**	39,360
Total	**203,070**	85,858
The Company		
Within one year	**979**	5,227
After one year but within five years	**–**	3,049
Total	**979**	8,276

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:

	2011 RMB'000	2010 RMB'000
Short-term employee benefits	**8,515**	3,371
Post-employment benefits	**30**	68
Equity compensation benefits	**–**	244
	8,545	3,683

Total remuneration to personnel of the Group 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 EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 11(a).

34. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Note 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, interests in leasehold land, long-term prepaid rentals, deposits paid for acquisition of fixed assets, trade and other receivables and investments in 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 sales 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 sales 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.

34. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Write-down of inventories

Inventories are stated at the lower of cost and net realisable value at the end of the reporting period. 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 the end of the reporting period and assess the need for write-down of inventories.

(d) Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell and the Group's agricultural produce are measured at fair value less costs to sell. The quantities of the Group's biological assets are measured with reference to the cultivation area.

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.

(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 2011

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 period ended 30 April 2011 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKAS 1 (Amendments), Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 12 (Amendments), Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (Revised 2011), Employee Benefits	1 January 2013
HKAS 24 (Revised 2009), *Related party disclosures*	1 January 2011
HKAS 27 (Revised 2011), Separate Financial Statements	1 January 2013
HKAS 28 (Revised 2011), Investments in Associates and Joint Ventures	1 January 2013
HKFRS 1 (Amendments), Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters	1 July 2010
HKFRS 1 (Amendments), Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
HKFRS 7 (Amendments), Disclosures – Transfers of Financial Assets	1 July 2011
HKFRS 9, *Financial Instruments*	1 January 2013
HKFRS 10, Consolidated Financial Statements	1 January 2013
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013
HK(IFRIC)-Int 14 (Amendments), Prepayments of a Minimum Funding Requirement	1 January 2011
HK(IFRIC)-Int 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Improvements to HKFRSs 2010	1 July 2010 and 1 July 2011, as appropriate

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.

FINANCIAL SUMMARY

	For the year ended 30 April				
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	**2011** **RMB'000**
Turnover	954,149	1,267,094	1,547,659	1,900,784	**2,234,620**
Gross profit	497,926	676,644	800,114	1,000,374	**1,119,353**
Profit before taxation	345,750	483,746	495,337	691,120	**595,625**
Profit attributable to equity shareholders	345,995	470,952	454,925	575,996	**458,802**
Non-current assets	652,248	788,798	1,981,990	2,101,549	**2,827,194**
Current assets	1,188,735	2,379,011	1,599,456	3,248,111	**2,039,798**
Current liabilities	(90,842)	(85,004)	(94,235)	(966,625)	**(135,728)**
Non-current liabilities	(64,605)	(843,185)	(914,382)	(1,312,611)	**(1,382,446)**
Shareholders' equity	1,685,536	2,239,620	2,572,829	3,070,424	**3,348,818**
Basic earnings per share (RMB)	0.448	0.538	0.515	0.652	**0.519**