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)

Annual Report 2010

* For identification only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Sun Shao Feng
(Chairman and Managing Director)
Nie Xing
Ip Siu Kay
Kung Sze Wai

Independent Non-executive Directors:

Huang Zhigang
Hu Ji Rong
Zheng Baodong

COMPANY SECRETARY

Ip Siu Kay

AUDIT COMMITTEE

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

COMPENSATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

CCIF CPA Limited

HONG KONG LEGAL ADVISER

O' Melveny & Myers LLF

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, 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 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

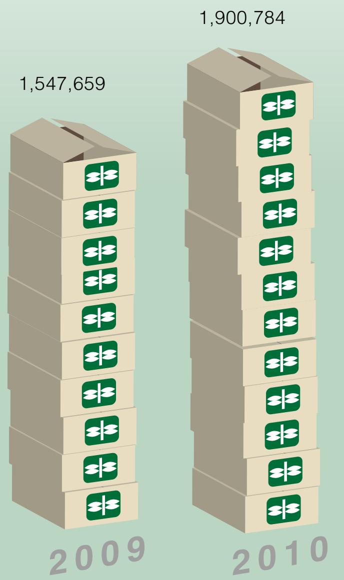
00904

WEBSITE

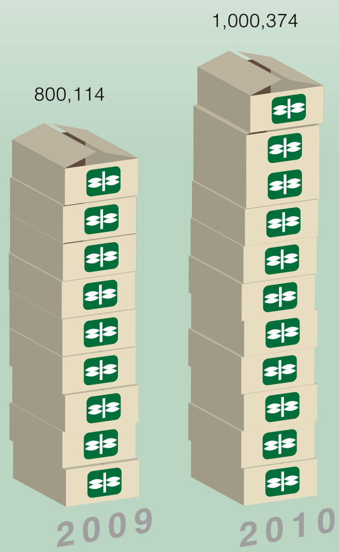
http://www.chinagreen.com.hk/html/index.php

FINANCIAL HIGHLIGHTS

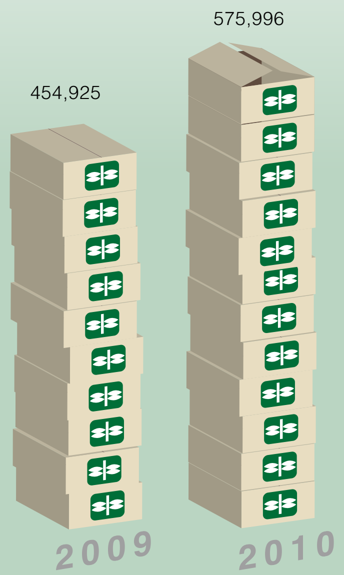
TURNOVER
(RMB'000)



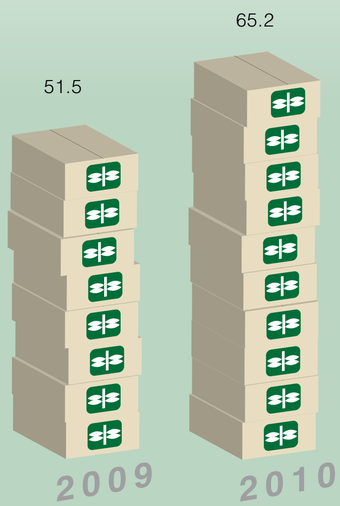
GROSS PROFIT
(RMB'000)



PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(RMB'000)



BASIC EARNINGS PER SHARE
(RMB'CENTS)



CHAIRMAN'S STATEMENT

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

Creating a Healthier China

Dear Shareholders,

It was an uphill and challenging year for businesses during the past year. The instability in Europe's economic systems, rising pressure on Renminbi appreciation as well as adverse weather conditions in China all contributed to a challenging environment which put to test not only the Group's financial strengths, but also management and execution capabilities. Our satisfactory results last year proved that the Group successfully coped with a very tough market and that our strategy on downstream business and branded beverage products was paying off.

During the year, the Group achieved a record turnover and was able to sustain turnover growth for the six consecutive years with a compound annual growth rate of 29.0% during the last five years. Sales and profit attributable to shareholders grew 22.8% and 26.6% respectively, reflecting the stability and sustainability of our earnings. In addition, our beverage business recorded substantial growth in turnover, which was up 74.2%. These growth rates outperformed the Group's overall growth average, indicating immense market potential of the beverage business.

Thanks to our long-term commitment in developing our beverage business, the "China Green" branded beverage products have been increasingly recognized by consumers. In 2010, the "China Green" brand was named as one of the "Well-known Brand in China" by "Trademark Office of The State Administration for Industry & Commerce of the People's Republic of China" in recognition of its brand image and market awareness. Its healthy beverage products become more popular in major supermarket chains and retail outlets in Southern and Eastern China. During the year, the Group further developed strong partnerships with key provincial and regional distributors and implemented a direct brand management system in order to enhance the sales distribution network and supply chain management. The Group has also built a strong

CHAIRMAN'S STATEMENT

marketing team to drive advertising and promotional activities, enhance brand image and promote the green food culture, while further consolidating China Green's leadership position in green products nationally.

In building the "China Green" brand as a leading nationwide green food brand, we signed a strategic cooperation agreement with the World Expo 2010 Shanghai China as an authorized food provider of the Shanghai Expo, supplying fresh and processed vegetables for several restaurant chains and a hotel group in the Expo. As a leading green fresh produce and processed food supplier, the Group has planned to establish a sizeable processing center, offering quality food products and vegetables to major events and leading restaurant chains in Shanghai and the neighborhood areas. The cooperation with the Shanghai Expo marks a significant milestone in the Group's development and is testimony to the quality of China Green's wide range of fresh produce and food products. The recognition is also expected to further cement China Green's leading position in the green and health food area.

The success of China Green is due to a balanced business portfolio with a strong agricultural-based development focus over the last decade. The Group differentiates itself by investing in the establishment of a vertically-integrated business model with complete control from seeding, harvesting, processing, sales and distribution to brand management. The improvement in consumers' living standards together with rising GDP per capita and the emerging middle class in China have offered great market opportunities for healthy and quality green food in the domestic market. During the year under review, the Group's domestic sales accounted for over 55.0% of total turnover. Riding on the rapid growth of the Chinese economy, we are confident that the proportion of domestic sales will become more dominant, boosting growth of the Group.

Currently, the Group has 43 cultivation bases to provide our customers with a wide range of fresh quality agro-based products and processed vegetables. We strive to ensure China Green products meet the most stringent quality and safety standards. In spite of the challenging economic conditions in the U.S. and Europe last year, the Group was able to achieve satisfactory performance in terms of both export sales and volumes. By leveraging our extensive and loyal customer bases, we successfully extended and dispersed our sales network and marketed China Green products worldwide. Apart from Japan and Asia, the Group has established an export business to Africa, the Middle East and South America.

China Green provides a wide range of high quality green products to customers, being able to adjust its product mix continuously in accordance with changing market demand. Currently we offer approximately 60 categories of vegetable products among which sweet corn, radish, spring onion and broccoli are our best-selling products. China Green has established itself as one of China's leading sweet corn suppliers. We will continue to expand our cultivation area as planned to meet China's domestic and export demand. Moreover, we have no further plans to use once-off pre-payment arrangement at this stage when extending the lease term of our existing agriculture bases or increasing our agriculture bases.

CHAIRMAN'S STATEMENT

Unpredictable weather conditions pose serious challenges to the agricultural industry. To mitigate the risks from weather conditions, the Group has several cultivation bases which spread over several provinces including Fujian, Jiangxi, Hubei and Hebei. The Group's advanced infrastructure and irrigation systems, coupled with a risk assessment system also minimize the risk of natural disasters such as draught, flooding and typhoons, enabling the Group to provide a stable source of agricultural products. Since the establishment of the Group, our supply of products has not been interrupted by bad weather or natural disasters.

Looking ahead, China Green will continue to develop its "China Green" brand and promote the concept of "All Round Green to a Healthier China". Being the "Key National and Leading Agricultural Enterprise" and "Excellent & Leading National Enterprise in the Food Industry", we aim to consolidate our leading position in healthy beverages and green food. Meanwhile, we will continue to play a major role on the world stage, and to provide reliable products to our overseas and local customers.

We expect this business to contribute substantial sustainable growth to the Group, and also will focus on this business mainly. In the coming year, we will further extend our distribution network to more provinces and cities, and promote our beverages business to Hangzhou and Jiangsu, etc. We are devoted to providing healthy and safe food to our customers so that they get value for their purchases of China Green products, which also helped to drive our middle and upper stream businesses so as to sustain the Group's long term and balanced growth.

For years, the success of China Green relays on our well-established vertically integrated business model and competitive advantages. Although 2010 will be a year of challenges, there will also be new opportunities. We are optimistic in the prospect of the Chinese market as well as the domestic consumption in China, and we are confident of our role as a leading green food supplier locally and internationally. During the report period, the Group successfully issued RMB1,350 million of convertible bonds to enhance our capital base and financial strength, and accelerate our future development.

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

Sun Shao Feng
Chairman

Hong Kong, 29 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Industry Overview

Over the past year, the uncertainty in Europe has cast shadow on the global economic recovery. In addition, a rising Renminbi and difficult weather conditions in China have also posed challenges to the business environment. In spite of the unfavorable conditions, the Group was able to sustain business growth and achieve satisfactory results during the year, as our robust vertically integrated business platform continued to strengthen our competitive edge and our position as a leading supplier of healthy food and beverages.

In spite of the global economic crisis in 2008, China's economy recorded a strong rebound last year and GDP per capita continued to grow. China's GDP in 2009 was RMB33,535 billion, representing an increase of 8.7% year-on-year. Buoyed by a robust economic growth, GDP per capita in China continued to rise steadily in 2009. It is expected that the pace of growth of China's consumption sector will be sustained, backed by strong drivers including rising personal disposable income and rising living standards.

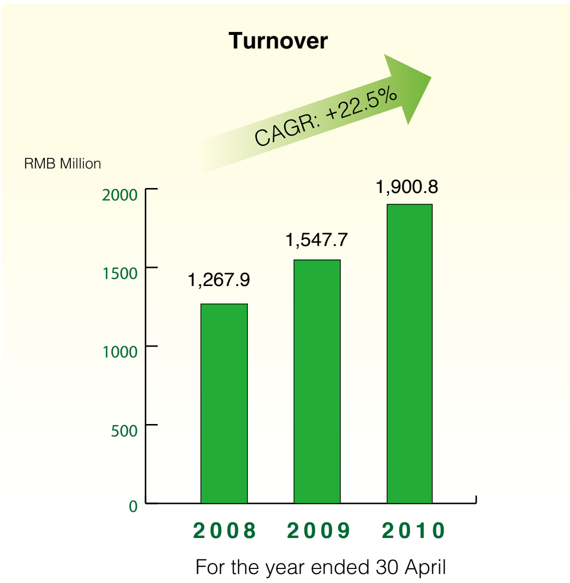
Growth in urban population and disposable income in China has in turn boosted consumption of healthy food and beverages. According to the National Bureau of Statistics of China, disposable income of urban households per capita in 2009 was RMB17,175, or an increase of 9.8% compared to last year, of which 43% were spent on food. Evidently, food consumption accounts for a large portion of urban household consumption in China and will continue to accelerate.

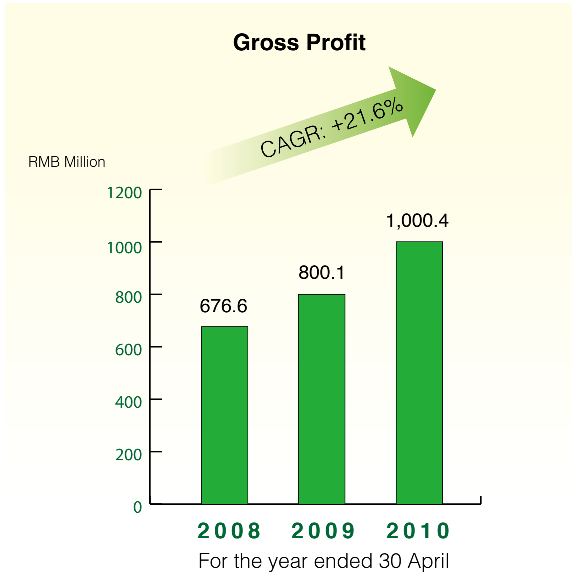
As China's economy is becoming more affluent, the demand and expenditure on healthier food are set to rise. According to market statistics, the growth rate of vegetable and fruit juice sales outpaced the overall GDP growth from 2005 to 2008, another strong indication of growing demand of health beverage products in China. China Green is able to ride on this trend to achieve remarkable growth in the domestic and export markets.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

Driven by strong growth in the branded food and beverage segment, the Group's turnover increased by 22.8% to approximately RMB1,901 million year-on-year. Gross profit was up 25.0% to approximately RMB1,000 million (2009: RMB800 million). Gross profit margin was maintained at a healthy 52.6% (2009: 51.7%) thanks to an optimized product mix and stable direct costs.





Processed products generated the largest turnover for the Group, contributing 39.4% of the total turnover, while branded food and beverages and fresh produce accounted for the remaining 36.3% and 24.3% respectively. Branded beverage products, including mixed grain beverages, vegetable & fruit juice, and corn milk were the major growth drivers of this segment, contributing about 21.5% of the Group's total turnover.

During the year under review, the Group achieved optimistic growth in both export and domestic sales, which were increased approximately 16.8% and 28.2% respectively. Revenue from domestic sales amounted to RMB1,046 million (2009: RMB816 million), representing 55.0% of the Group's total turnover, while export sales amounted to RMB854 million (2009: RMB731 million).

Japan and Asia ex-Japan remained two of the Group's major export markets, accounting for 41.5% and 23.9% of export sales, representing a steady growth of 7.5% and 19.4% respectively. Despite the recent debt crisis in Europe, European market grew 11.2% year-on-year, contributing 22.8% of total export sales, while those to other regions such as South and Central Americas, and Africa accounted for the remaining 11.8%.

Driven by growth in branded beverage business, profit attributable to equity shareholders for the year ended 30 April 2010 reached RMB575 million, representing a year-on-year increase of 26.6% (2009: RMB455 million). Basic earnings per share was RMB65.2 cents, compared to RMB51.5 cents in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board proposed to declare a final dividend of HK$0.090 (equivalent to RMB0.079) per ordinary share (2009: HK$0.073 per share) which, together with an interim dividend of HK$0.090 (equivalent to RMB0.079) per ordinary share, represents a payout ratio of over 24% of the profit attributable to equity shareholders for the year.

Vertically Integrated Platform

The Group has been able to maintain its unique standards in product quality, variety and safety as a result of its vertically integrated business model which ensures full control in cultivation (seeding, growing, irrigating, fertilizing and harvesting), production (sterilizing, processing and packaging) and distribution (storage and logistics).

Branded Food and Beverage Products

Revenue from the branded food and beverage products segment surged 35.9% to approximately RMB691 million (2009: RMB509 million). Revenue from beverage products surged 74.2% year-on-year and accounted for RMB409 million in revenue for the year ended 30 April 2010.

The growth in sales was mainly driven by growth of sales for new products and higher penetration in markets such as Fujian, Jiangxi and Guangdong as well as the development of other new markets such as Hubei, Zhejiang and Jiangsu.

During the year under review, the Group successfully launched a new series of mixed grain beverages and vegetable & fruit juice products, offering choices of red bean, green bean, black bean drinks and more. Currently, the Group has over 12 product categories and over 30 different flavors and packaging of beverage products under the "China Green" brand.

With the Group's marketing and channel expansion efforts, the "China Green" brand is increasingly recognized by health-conscious consumers as a leader in green food and beverages. The Group's mixed grain beverages, corn milk and vegetable & fruit juice have become increasing popular. In addition, the Group has built a strong sales and marketing team to oversee distribution management and promotional activities, while partnership with regional and local distributors for selling its products to supermarkets and other retailers.

The "China Green" brand is well recognized in Southern and Eastern China, particularly in the provinces of Fujian, Jiangxi and Guangdong, and is gradually amassing higher awareness in other regions and key cities in China. In view of China's growing healthy beverage market, China Green has striven to strengthen its distribution network and product variety, and ultimately become one of the most famous healthy beverages with strong and nationwide coverage in China. In turn the growing branded business will further drive the development of the Group's upstream business and strengthen its vertically integrated business model in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Processed Products

The processed vegetables segment reported a turnover of RMB749 million during the year under review, representing a year-on-year growth of 19.2%. The export market accounted for 95% of total processed products revenue (2009: 95%). Driven by growing demand in Asia ex-Japan, along with fast growth markets such as the Middle East, South and Central Americas, and Africa, export sales of processed products also experienced healthy growth. The processed vegetables has recorded a gross profit margin of 55.2%.

Sweet corn and mushroom were one of the best-selling products in the processed products segment. Among all the processed products, the demand for sweet corn products increased at a faster pace which also drove domestic sales. The management expected sweet corn, including pickled, canned, frozen and water-boiled corn products, to continue to drive revenue growth in future.

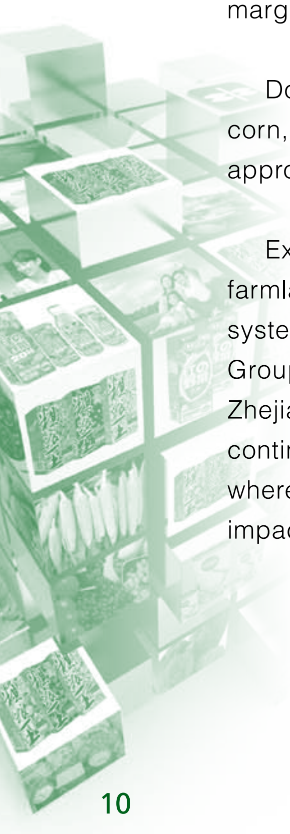
In order to meet growing demand from health-conscious consumers, the Group will further expand its processing facilities in China. As a leading provider of fresh produce and processed vegetables, the Group will build a new processing centre in Shanghai, as a replacement to the current rental factory, to offer quality food and vegetable products to leading restaurant chains in the nearby regions.

Fresh Produce

Fresh produce continued to deliver healthy growth during the year under review, with revenue of RMB460 million, representing a year-on-year growth of 12.2%, and maintained an average yield of approximately 4-5 tons per mu. With steady growth in the domestic Chinese market, and stable export orders from Japan and other Asian countries, the segment achieved a gross profit margin of 49.4%.

Domestic market accounted for 69% of total fresh produce revenue (2009: 65%). Sweet corn, radish, leeks and perilla remained the best-selling products of this segment, contributing approximately 16% of revenue from fresh produce.

Extreme weather conditions such as droughts, heavy rain and floods can affect the quality of farmlands and produce. However, the Group's planned infrastructure and irrigation and drainage systems are able to keep any negative impact on its business operation to the minimum. The Group's cultivation bases span across the provinces of Fujian, Hubei, Hebei, Jiangxi and Zhejiang, effectively minimizing the risk of relying on any single cultivation base. The Group will continue to pay close attention to weather conditions in future in order to put in place measures where necessary. Since the Company was founded, we have not experienced any significant impact to the business operation caused by extreme weather conditions.



MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the domestic consumer market in China continues to be promising as the living standard and health consciousness of Chinese consumers continue to rise. Leveraging its track record in the World Expo 2010 Shanghai China, extensive distribution network as well as the strong cultivation capacity, the Group is confident that it will capture growing opportunity in domestic green and fresh vegetable market in China.

Cultivation Bases and Production Facilities

By the end of April 2010, the Group has 43 cultivation bases with a total area of approximately 92,700 mu, supporting a cultivation capacity of about 380,000 tons per year. Among these cultivation bases, 37 are devoted to vegetable cultivation, 5 to fruit cultivation and 1 to organic rice cultivation.

Cultivation

As at 30 April 2010	Cultivation Area (mu)
Fujian (Huian), incl. Zhejiang	30,600
Fujian (Zhangpu)	17,000
Hubei (Changyang)	3,000
Hebei	12,000
Jiangxi	10,100
Hubei (Tianmen)	20,000
Total	92,700

During the year, the Group has established new cultivation bases in Hubei and Hebei, with a total area of approximately 13,600 mu, providing an additional cultivation capacity of 50,200 tons per year to meet growing customers' orders. With an average rental price of RMB500-600 per mu, the Group will continue to maintain its 5-10 years lease payment terms for its future farmland acquisitions and has no plan to make any long term lump-sum prepayment.

As of the end of April 2010, the Group owned and operated 12 advanced processing plants with a total capacity of approximately 580,800 tons. During the year, the production plants ran at an average utilization rate of about 75%. The Group has planned to expand its processing capacity by around 10-15% in the coming year to meet growing demand for its processed products. Coupled with a new processing centre in Shanghai, the Group is well-positioned to further expand its processed products and fresh produce businesses to more new cities and provinces in the coming year, including Jiangsu and Hubei.

MANAGEMENT DISCUSSION AND ANALYSIS

Awards and Recognition

The Group has attained a variety of international management and safety standards including ISO9001: 2000, HACCP and Safe Crop Certifications. It is also recognized as one of the "National Key and Leading Agricultural Enterprises" by the Ministry of Agriculture of the People's Republic of China and a "Nationally Excellent & Leading Enterprise in Food Industry" by the China Food Industry Association.

In 2010, the Group was also recognized as a "Famous Brand in China" for its branded beverage products.

Outlook and Prospects

Looking ahead, the global economy is expected to recover. Riding on the gradual recovery in the world economy, China Green will focus on developing new business opportunities to achieve long term growth.

Recent floods and droughts in China had pushed the prices of certain kinds of vegetables significantly higher with reduced supply. Although the supply of vegetables will be under pressure in coming months, we are confident that the government will ensure stable supply and prices of vegetables.

Moreover, it is expected that China will introduce policies that will strengthen its economy and support growth in food and agricultural industries. To take advantage of that trend, China Green will continue to focus on the long term development of its branded business while at the same time working toward its goal of becoming a premier cultivator, producer and supplier in the green food industry.

China remains a key producer and consumer of food products in the global market and is expected to maintain its growth momentum in 2010. The Group aims to take the market advantage to drive growth in its fresh produce, processed products and branded food and beverage businesses in China and globally.

The Group signed a strategic cooperation agreement with the World Expo 2010 Shanghai China as one of the authorized fresh produce and processed food suppliers during the World Expo in Shanghai. Such cooperation will not only enhance China Green's brand reputation and market position as a leading green food supplier, but also extend its sales networks of fresh produce and processed food businesses to hotel groups, large restaurant chains and other major events. The Group will further explore business opportunities in the domestic market by offering high quality fresh produce and processed vegetables.

2010 will be a significant year for China Green to develop its premium and healthy food brand. With the support of a vertically-integrated model to ensure food quality and safety, China Green is forging ahead towards its goal of becoming a global leader in green food, and in so doing, promoting China as a leader in the green food industry worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

Group's Liquidity, Financial Resources and Capital Structure

As at 30 April 2010, the total shareholders' fund of the Group was approximately RMB3,070 million (2009: RMB2,573 million). The Group had current assets of RMB3,248 million (2009: RMB1,599 million) and current liabilities of RMB967 million (2009: RMB94 million) and the current ratio was 3 times (2009: 17 times).

The Group's outstanding borrowing as at 30 April 2010 was the two convertible bonds amounted to RMB903 million (2009: RMB897 million) and RMB1,259 million (2009: Nil) maturing on 29 October 2010 and 11 April 2013 respectively. The Group's net debt-to-equity ratio (calculated as total borrowings net of cash and cash equivalents over shareholders' equity) was not applicable as at 30 April 2010 and 2009 since the Group's cash and cash equivalents exceeded its borrowings. The Group's gearing ratio (calculated as total borrowings over shareholders' equity) as at 30 April 2010 was 70.4% (2009: 34.9%).

As of 30 April 2010, the Group had cash and cash equivalents of approximately RMB2,327 million (2009: RMB1,344 million). The majority of the Group's funds was deposited in banks in the PRC and licensed banks in Hong Kong, and the Group possesses sufficient cash and bank balances to meet its commitment and working capital requirement in the coming financial year.

The Group continues to implement a prudent financial management policy and monitor its capital structure based on the ratio of total liabilities over total assets. As at 30 April 2010, the ratio of total liabilities over total assets was 42.6% (2009: 28.2%).

Capital Commitments and Contingent Liabilities

The Group was committed to the expansion of existing facilities and building of new facilities to enhance its production capacity. As at 30 April 2010, the Group has contractual capital commitments of approximately RMB94 million (2009: RMB68 million).

As of 30 April 2010, the Group had not provided any form of guarantee for any company outside the Group and has not been involved in any material legal proceedings for which provision for contingent liabilities was required.

Fluctuations in Exchange Rates

For the year ended 30 April 2010, the Group conducted its business transactions principally in US dollars and Renminbi. The Group has not experienced any material difficulties or negative impact on its operations as a fluctuation in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the year under review, the exchange loss was approximately RMB2.4 million (2009: RMB6.6 million).

Significant Investments Held and Material Acquisition

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

Pledge on Group Assets

As at 30 April 2010, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group.

Staff and Remuneration Policies

As at 30 April 2010, the Group had a total of over 10,000 employees, of which approximately 5,000 are workers at the Group's cultivation bases. The aggregate staff costs and Directors' remuneration for the year ended 30 April 2010 totaled approximately RMB163 million (2009: approximately RMB162 million). Employees are paid at a competitive level, taking into account individual performance, experience and their positions. Other benefits included mandatory provident funds, year-end bonus and share options granted to selected employees based on the individual performance.

Use of Proceeds from Convertible Bonds

During the year, the Company issued new convertible bonds in April 2010 ("convertible bonds due 2013") and the detail is set out in note 26 to the financial statements. The details can also be referred to the Company's announcements on 18 March 2010 and 12 April 2010. The net proceeds of convertible bonds due 2013 was approximately RMB1,318 million. Up to 30 April 2010, approximately RMB51 million was used for the redemption of the old convertible bonds maturing in October 2010.

For the net proceed from the old convertible bonds due October 2010, up to 30 April 2010, approximately RMB316 million was used for leasing the cultivation bases and infrastructure, RMB37 million was used for the acquisition of land and processing plant, RMB98 million was used for construction and building, RMB195 million was used for the purchase of equipment and cost of installation and RMB67 millioin was for the investment in the branded fresh produce supply chain business. The unutilized net proceeds as at 30 April 2010 was approximately RMB713 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments/Capital Assets & Source of Fund

As at 30 April 2010, the Group maintained sufficient funds for the capital investment and operations in the coming year. In view of the possible redemption required on the maturity of the convertible bonds due October 2010, the management has already reserved sufficient financial resource to meet the redemption on maturity. The management will continue to assess the impact on the Group's operation after the redemption and further finance needs for expansion.

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 PRACTICE

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

During the year ended 30 April 2010, the Company was in compliance with code provisions set out in the CG Code except for the deviations from code provision 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. The Company does not have a CEO and Mr. Sun Shao Feng currently performs these two roles. The Board of 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 Company and its subsidiaries (collectively 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.

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 (except Mr. Huang Zhigang) are not appointed for a specific term but they are subject to retirement by rotation in accordance with the Bye-laws of the Company (the "Bay-Laws").

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting, Mr. Sun Shao Feng, the Chairman of the Board, did not attend the 2009 annual general meeting of the Company by the reason of his 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 2010.

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 seven Directors including four executive Directors and three independent non-executive Directors:

Executive Directors
Sun Shao Feng *(Chairman and Managing Director)*
Nie Xing
Ip Siu Kay
Kung Sze Wai

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

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board and has met the recommended best practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical details of Directors are set out on pages 23 to 27 under the section headed "Profiles of Directors and Senior Executives".

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

Chairman and Chief Executive Officer

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

CORPORATE GOVERNANCE REPORT

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 (except Mr. Huang Zhigang) are not appointed for a specific term, but they are subject to retirement by rotation in accordance with the Bye-Laws.

Board Meetings

During the financial year ended 30 April 2010, the Board held 4 meetings.

Name of Director	Number of attendance
Sun Shao Feng	4/4
Nie Xing	4/4
Ip Siu Kay	4/4
Kung Sze Wai	4/4
Leung Kwok Fai Ben Rich*	0/1
Huang Zhigang	4/4
Hu Ji Rong	4/4
Zheng Baodong	4/4

* Mr. Leung Kwok Fai Ben Rich retired on 30 September 2009, and 1 Board meeting was held before his retirement.

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 once a year to discuss any area of concern during the audit or review. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports.

During the financial year ended 30 April 2010, the Audit Committee held 2 meetings.

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

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS

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

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

The functions of the Nomination Committee are to 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 2010, the Nomination Committee held 1 meeting.

Name of member	**Number of attendance**
Huang Zhigang	1/1
Hu Ji Rong	1/1
Zheng Baodong	1/1
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 2010, the Compensation Committee held 1 meeting.

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

CORPORATE GOVERNANCE REPORT

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 and note 28 to the financial statements. The emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Compensation Committee. Details of the Directors' compensation are set out in note 8 to the financial statements.

AUDITOR'S REMUNERATION

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

Services rendered	Fee paid/payable
	HK$'000
Audit services	1,250
Non-audit services	180
	1,430

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 accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 April 2010, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

INTERNAL CONTROL

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

During the year ended 30 April 2010, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng (孫少鋒), aged 45, is the Chairman, managing director and founder of the Group since its establishment. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He has many years of management experience in the agricultural industry. Prior to joining the Group in May 1998, he had worked for the government office of Fuzhou City (福州市委). He is also a committee member of the Chinese People's Political Consultative Conference of the Fujian Province Quanzhou City (中國人民政治協商會議泉州市委員會) and the vice-president of the Hui An County Association of Industry and Commerce (惠安縣工商業聯合會). 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傑出人物頒獎典禮」) 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 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 EMBA Business Management and Administration from the Xiamen University in July 2009.

Mr. Nie Xing (聶星), aged 46, 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.

Mr. Ip Siu Kay (葉兆基), aged 38, joined the Group in January 2008 and was appointed as an executive Director on 5 November 2008. He was appointed as the financial controller and company secretary of the Company on 24 August 2009. He is mainly responsible for managing and coordinating the Group's financial reporting and secretarial matters. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Certified Chartered Accountants in 2003 and 2007 respectively. He has accumulated around 10 years experience in an accounting firm and was mainly responsible in accounting, taxation, auditing and company secretarial works. Prior to joining the Group, he worked for another listed company in Hong Kong engaged in food selling business.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Kung Sze Wai (龔思偉), aged 38, is an executive Director of the Company. He joined the Group since 2002, mainly responsible for strategic development of the Group. Prior to joining the Group, he has accumulated around 5 years experience in an accounting firm until August 2002 and was mainly responsible in accounting, taxation, auditing and company secretarial works. He graduated from Monash University, Australia with a bachelor degree in Business in 2000 and obtained a master degree in Corporate Finance from the Hong Kong Polytechnic University in 2003. He was admitted as an associate member of the Association of International Accountants and the Hong Kong Institute of Certified Public Accountants in October 2000 and in February 2001 respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhigang (黃志剛), aged 46, 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 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.

Mr. Hu Ji Rong (胡繼榮), aged 54, 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.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Zheng Baodong (鄭寶東), aged 43, 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. Osugi Kenji (大杉健二), aged 50, is the operating vice chief officer of the Group. He had been a standing committee of 日本旭印旭川中央青果株式會社, Deputy Head of Japan Hokkaido Cultivation Centre and Deputy Head of 日本東光商事株式會社 and 日本 ST 農產流通株式會社 and other posts, engaging in plantation, processing, development and sales of agricultural products. He has 30 years of working experience in agricultural management.

Mr. Wang Wei Wen (王偉文), aged 42, 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 38, 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.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Wang Xiaofeng (王曉峰), aged 35, is the general manager of the enterprise planning center of the Group. He graduated from Fushun Petroleum Institute (撫順石油學院) in 1994. He served as General Manager in Coca-Cola, Yinlu Group (銀鷺集團), Hainan Huichen (海南匯臣) and various other companies. He is strong in operation and leadership and is familiar with corporate establishment, long-term planning, the PRC's consumer goods market, channel and sales network and has vast experience and working history in brand operation, sales management and market operation. He joined the Group in 2006.

Mr. Yu Hua (余驊), aged 43, is the general manager of Shanghai operation division. 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 a certain 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 41, the general manager of Zhangpu operation 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 35, is the general manager of Fujian operation division. Ms. Chen has been a member of the Group since August 1998 and is mainly responsible for the business development, sales and marketing activities of the Group. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996. Currently she is studying for an MBA at Business Administration Institute of Quanzhou Huaqiao University.

Mr. Wang Teng Zhao (王騰招), aged 38, served as 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) and general manager of Hubei operation division. Since 2009, he has been the general manager of Jiangxi operation division of China Green Group so far.

Mr. Chen Wenzhong (陳文忠), aged 48, 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 plantation and development. He had been the sourcing director (principally in processing/plantation/sales/production) in the head office of Shanghai Doule (PRC) of the US DOLE Food Company. He has strong experience in the on-site management of agricultural plantation and processing.

Mr. Zheng Jian Gong (鄭建功), aged 51, the general manager of foreign trading division. He served in the Bureau of Fuqing Second Light Corporate as a vice director, and studied in Japan in 1988 and was engaged to work in Verbonia in 1992. In 2005, He joined the Group. He has strong experience in foreign trade business processes and the planning and operation of the import and export market and is able to form an independent team, also led the team to achieve business targets.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Zhang Zhi Qin (張志勤), aged 46, is the general manager of food research and development center of the Group. He is a senior engineer and a bachelor of engineering in Food Engineering. He was Committee Member of the Assessment Committee of Senior Positions of High Technology 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 projects and, design, selection and installation in production procedures. He is well versed in engineering technology and equipment engineering. He has published a number of results work including "Processing Technology of Fruits, Vegetables and Sugar Products", "Research and Production of Artificial Longan" and "Research and Production of Oolong Tea".

Ms. Lau So On Amy (劉素安), aged 32, is the director of corporate affairs of the Group. Ms. Lau joined the Group in 2008. She is mainly responsible for managing the Group's investors and media activities. Prior to joining China Green, Ms. Lau had experiences as an Investment Analyst with an US hedge fund and private equity group, as well as investor relations representative for various international financial institutions. Ms. Lau graduated from California State University, San Marcos, USA with a bachelor degree in Economics in 2000 and obtained a Master of Business Administration, Finance from University of San Francisco, USA in 2002.

Mr. Zhu Yinchuan (朱銀川), aged 63, is the Group's director of plantation technology. Since he started his career, he has been engaged in the on-site plantation management work of agricultural products. He had only worked in Shanghai Gaorong Food Company Limited for six years before he joined the Company. His over 40 years of experience in site management has provided strong and sustainable protection to the development of the plantation business of the Company.

Ms. Liu Fang (劉方), aged 44, is the general manager of the Group's finance center. She obtained tertiary qualification in the management of industrial enterprise in 1988, and received a bachelor degree in Accounting from the Renmin University of China (中國人民大學). She served as head of finance department in a number of enterprises and holds the title of Accountant and qualification for Hotel Finance Manager. She joined the Group in 2006.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders their report and audited financial statements of the Company and of the Group for the financial year ended 30 April 2010.

PRINCIPAL ACTIVITIES

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

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

RESULTS AND APPROPRIATIONS

The results for the year ended 30 April 2010 are set out in the consolidated income statement on page 39.

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 12 October 2010 ("2010 AGM") a final dividend of HK$0.090 (approximately RMB0.079) (2009: HK$0.073 (approximately RMB0.064)) per share to be paid on or about Wednesday, 27 October 2010 to those shareholders whose names appear on the register of members of the Company on 12 October 2010. Taking into account of the interim dividend of HK$0.090 per share (2009: HK$0.073) and the proposed final dividend, total dividends for the year will amount to of HK$159,126,000 (approximately RMB139,713,000) (2009: HK$129,069,000 (approximately RMB113,658,000)).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 8 October 2010 to Tuesday, 12 October 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to attend the 2010 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 1702-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 7 October 2010.

Holders of the zero coupon convertible bonds of the Company due 2010 and holders of the 3% guaranteed convertible bonds of the Company due 2013 should lodge the respective conversion notice together with the relevant documents evidencing the title of the bonds to the respective conversion agent not later than 3:00 p.m. on Tuesday, 5 October 2010 in order to qualify for the proposed final dividend and to attend the 2010 AGM.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the financial statements.

DIRECTORS' REPORT

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 43 and 44 and note 27 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES

Reserves of the Company at 30 April 2010 available for distribution amounted to RMB242 million. The Company's contributed surplus in the amount of RMB294 million 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 realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

PRE-EMPTIVE RIGHT

There are no pre-emptive provisions under the 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, sold or redeemed any of the Company's listed securities during the year ended 30 April 2010.

DIRECTORS

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

Executive Directors

Sun Shao Feng
(Chairman and Managing Director)
Nie Xing
Ip Siu Kay
Kung Sze Wai
Leung Kwok Fai Ben Rich (retired on 30 September 2009)

Independent Non-executive Directors

Huang Zhigang
Hu Ji Rong
Zheng Baodong

DIRECTORS' REPORT

In accordance with Bye-law 87(1) of the Bye-Laws, Messrs. Kung Sze Wai, Hu Ji Rong and Zheng Baodong shall retire from office as Directors by rotation at the 2010 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 being independent.

DIRECTORS' SERVICE AGREEMENTS

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

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

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

Save as disclosed above, none of the Directors proposed for re-election at the 2010 AGM has unexpired service agreement which is determinable by the Company within one year without payment of compensation, other than statutory compensation.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Profiles of Directors and Senior Executives of the Group are set out on pages 23 to 27.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30 April 2010, 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	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	406,101,000 (Note 2)	45.94%
		Total:	414,501,000	46.89%

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 406,101,000 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 and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of 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.

DIRECTORS' REPORT

INTERESTS IN SHARE OPTIONS

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

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

    (b) 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 2010 under the Scheme are as follows:

	Number of share options							
Name or category of participants	**Balance as at 1 May 2009**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 30 April 2010**	**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	–	–	–	7,875,000	3.50	19 April 2006	19 April 2007 to 11 Dec 2013#
	10,500,000	–	–	–	10,500,000	7.29	30 May 2007	30 May 2008 to 11 Dec 2013##
	600,000	–	–	–	600,000	8.50	3 April 2008	3 April 2009 to 11 Dec 2013###
Sub-total	18,975,000	–	–	–	18,975,000			
Total	27,375,000	–	–	–	27,375,000			

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

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

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

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

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

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 April 2010, 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	Notes	Capacity	Long position/ short position	Number of ordinary shares held	Percentage of the Company's issued share capital
Capital Mate	1	Beneficial owner	Long Position	406,101,000	45.94%
JPMorgan Chase	2	Controlled corporation	Long Position	41,788,822	4.73%
& Co.	3	Controlled corporation	Long Position	10,296,303	1.16%
	3	Controlled corporation	Short Position	1,100,000	0.12%

Notes:

1. 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 406,101,000 ordinary shares of the Company owned by Capital Mate.

2. JPMorgan Chase Bank, N.A. is wholly-owned by JPMorgan Chase &Co.. Hence, JPMorgan Chase & Co.is deemed to be interested in these 41,788,822 ordinary shares of the Company owned by JPMorgan Chase Bank, N.A..

3. 98.95% interest of J.P. Morgan Securities Ltd. is owned by J.P. Morgan Chase International Holdings, which in turn is wholly-owned by J.P. Morgan Chase (UK) Holdings Limited, which in turn is wholly-owned by J.P. Morgan Capital Holdings Limited, which in turn is wholly-owned by J.P. Morgan International Finance Limited, which in turn is wholly-owned by Bank One International Holdings Corporation, which in turn is wholly-owned by J.P. Morgan International Inc., which in turn is wholly-owned by JPMorgan Chase Bank, N.A., which is wholly-owned by JPMorgan Chase & Co.. Hence, JPMorgan Chase & Co. is deemed to be interested in these 10,296,303 and 1,100,000 ordinary shares of the Company owned by J.P. Morgan Securities Ltd..

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. All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2010, 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 31 to the financial statements. Other than disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 30 April 2010.

RETIREMENT SCHEME ARRANGEMENT

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

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

DIRECTORS' REPORT

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, and currently comprise of three independent non-executive Directors, Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong. The primary duties of the Audit Committee are to review the financial reporting process of the Group. During the year ended 30 April 2010, 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 2010.

SUBSEQUENT EVENTS

There is no significant event subsequent to the balance sheet date as at 30 April 2010.

AUDITOR

CCIF CPA Limited ("CCIF") has merged their business with PCP CPA Limited resulting in Crowe Horwath (HK) CPA Limited operating as the merged firm from 13 October 2009. The term of appointment of CCIF as auditor of the Company shall expire at the conclusion of the 2010 AGM, CCIF will cease to act as auditor of the Company with effect from the date of the 2010 AGM.

A resolution will be proposed at the 2010 AGM to appoint Crowe Horwath (HK) CPA Limited as auditor of the Company.

On behalf of the Board

Sun Shao Feng
Chairman

Hong Kong, 29 August 2010

INDEPENDENT AUDITOR'S REPORT

CCIF

CCIF CPA LIMITED

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") set out on pages 39 to 113, which comprise the consolidated and company balance sheets as at 30 April 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 29 August 2010

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2010

	Note	2010 RMB'000	2009 RMB'000
Turnover	4	**1,900,784**	1,547,659
Cost of sales		**(900,410)**	(747,545)
Gross profit		**1,000,374**	800,114
Other revenue and other net income	5	**10,158**	23,228
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		**39,269**	19,489
Selling and distribution expenses		**(170,873)**	(152,277)
General and administrative expenses		**(126,268)**	(141,503)
Profit from operations		**752,660**	549,051
Finance costs	6(a)	**(61,540)**	(53,714)
Profit before taxation	6	**691,120**	495,337
Income tax	7	**(115,124)**	(40,412)
Profit attributable to equity shareholders of the Company	10	**575,996**	454,925
Earnings per share	12		
– Basic		**RMB65.2 cents**	RMB51.5 cents
– Diluted		**RMB64.3 cents**	RMB51.3 cents

The notes on pages 46 to 113 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2010

	2010 RMB'000	2009 RMB'000
Profit for the year	**575,996**	454,925
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax)	**(1,385)**	(9,724)
Total comprehensive income attributable to Equity Shareholders of the Company for the year	**574,611**	445,201

The notes on pages 46 to 113 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	2010 RMB'000	2009 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15	**1,039,831**	895,918
– Interests in leasehold land held for own use under operating leases	16	**224,409**	229,400
Long-term prepaid rentals	17	**837,309**	856,672
		2,101,549	1,981,990
Current assets			
Inventories	19	**20,632**	21,626
Biological assets	20	**67,068**	50,434
Current portion of long-term prepaid rentals	17	**46,443**	43,197
Trade and other receivables	21	**83,331**	49,696
Bank deposits with maturity over 3 months		**704,121**	90,173
Cash and cash equivalents	22	**2,326,516**	1,344,330
		3,248,111	1,599,456
Current liabilities			
Due to directors	23	**2,488**	1,744
Trade and other payables	24	**40,070**	82,059
Tax payable	25(a)	**21,258**	10,432
Convertible Bonds 2010	26(a)	**902,809**	–
		966,625	94,235
Net current assets		**2,281,486**	1,505,221
Total assets less current liabilities		**4,383,035**	3,487,211
Non-current liabilities			
Convertible Bonds 2010	26(a)	**–**	896,899
Convertible Bonds 2013	26(b)	**1,258,720**	–
Deferred tax liabilities	25(b)	**53,891**	17,483
		1,312,611	914,382
NET ASSETS		**3,070,424**	2,572,829
CAPITAL AND RESERVES	27		
Share capital		**92,236**	92,236
Reserves		**2,978,188**	2,480,593
TOTAL EQUITY		**3,070,424**	2,572,829

Approved and authorised for issue by the board of directors on 29 August 2010.

Sun Shao Feng
Director

Ip Siu Kay
Director

The notes on pages 46 to 113 form an integral part of these financial statements.

BALANCE SHEET

As at 30 April 2010

	Note	2010 RMB'000	2009 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15	**279**	357
Investments in subsidiaries	18	**246,062**	246,988
		246,341	247,345
Current assets			
Trade and other receivables	21	**1,684,591**	1,354,330
Bank deposits with maturity over 3 months		**704,121**	90,173
Cash and cash equivalents	22	**772,674**	356,621
		3,161,386	1,801,124
Current liabilities			
Due to directors	23	**1,738**	1,744
Trade and other payables	24	**1,542**	754
Convertible Bonds 2010	26(a)	**902,809**	–
		906,089	2,498
Net current assets		**2,255,297**	1,798,626
Total assets less current liabilities		**2,501,638**	2,045,971
Non-current liabilities			
Convertible Bonds 2010	26(a)	**–**	896,899
Convertible Bonds 2013	26(b)	**1,258,720**	–
Deferred tax liabilities	25(b)	**14,868**	–
		1,273,588	896,899
NET ASSETS		**1,228,050**	1,149,072
CAPITAL AND RESERVES	27		
Share capital		**92,236**	92,236
Reserves		**1,135,814**	1,056,836
TOTAL EQUITY		**1,228,050**	1,149,072

Approved and authorised for issue by the board of directors on 29 August 2010.

Sun Shao Feng
Director

Ip Siu Kay
Director

The notes on pages 46 to 113 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2010

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Merger reserve RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 May 2008		92,105	696,714	140,046	14,694	43,189	94,040	(51,202)	1,210,034	2,239,620
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(9,724)	–	(9,724)
Profit for the year		–	–	–	–	–	–	–	454,925	454,925
Total comprehensive income for the year		–	–	–	–	–	–	(9,724)	454,925	445,201
Equity-settled share-based payment		–	–	–	–	10,324	–	–	–	10,324
Shares issued upon exercise of share options	27(b)(ii)	131	5,818	–	–	(1,372)	–	–	–	4,577
Profit appropriation to PRC statutory reserve		–	–	7,720	–	–	–	–	(7,720)	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(70,064)	(70,064)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	–	(56,829)	(56,829)
As at 30 April 2009		92,236	702,532	147,766	14,694	52,141	94,040	(60,926)	1,530,346	2,572,829

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2010

		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)
Transfer to retained profits upon the 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	25(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

The notes on pages 46 to 113 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2010

	Note	2010 RMB'000	2010 RMB'000	2009 RMB'000	2009 RMB'000
Operating activities					
Cash generated from operations	22(b)	**893,496**		636,692	
Tax paid					
PRC enterprise income tax paid		**(83,996)**		(67,399)	
Net cash generated from operating activities			**809,500**		569,293
Investing activities					
Payments for purchase of fixed assets		**(330,474)**		(461,067)	
Payments of long-term prepaid rentals		**(29,911)**		(793,270)	
Proceeds from disposal of financial assets at fair value through profit or loss		**–**		137,021	
Increase in bank deposits with maturity over 3 months		**(614,286)**		(90,173)	
Interest received		**8,661**		20,157	
Net cash used in investing activities			**(966,010)**		(1,187,332)
Financing activities					
Net proceeds from issuance of Convertible Bonds 2013		**1,318,193**		–	
Payment for redemption of Convertible Bonds 2010		**(51,000)**		–	
Proceeds from shares issued upon exercise of share options		**–**		4,577	
Dividends paid		**(126,619)**		(126,893)	
Net cash generated from/(used in) financing activities			**1,140,574**		(122,316)
Net increase/(decrease) in cash and cash equivalents			**984,064**		(740,355)
Cash and cash equivalents at 1 May			**1,344,330**		2,097,974
Effect of foreign exchange rate changes			**(1,878)**		(13,289)
Cash and cash equivalents at 30 April	22(a)		**2,326,516**		1,344,330

The notes on pages 46 to 113 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

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

– biological assets; and

– financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 33.

c) Subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property, plant and equipment

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

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

– other items of plant and equipment.

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

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

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

Buildings	$3\frac{1}{3}$%-6% p.a. or over the term of the lease if shorter
Leasehold improvements	5%-20% p.a.
Infrastructure on cultivation bases	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 is amortised on a straight-line basis over the period of the lease term.

f) Impairment of assets

(i) Impairment of financial assets

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

– significant financial difficulty of the debtor;

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

(i) Impairment of financial assets (continued)

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

(ii) Impairment of other assets

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

– Property, plant and equipment;

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

– Long-term prepaid rentals; and

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

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

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

g) Financial assets at fair value through profit or loss

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

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

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

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

i) Biological assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Trade and other receivables

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

k) Convertible bonds

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

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

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

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

l) Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Cash and cash equivalents

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

n) Employee benefits

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

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

(ii) Share based payments

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised 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 balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Income tax (continued)

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

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

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

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

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

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

  – the same taxable entity; or

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Provisions and contingent liabilities

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

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

q) Revenue recognition

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

(i) Sale of goods

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

(ii) Interest income

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

r) Translation of foreign currencies

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Translation of foreign currencies (continued)

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

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

s) Borrowing costs

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

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

t) Research and development costs

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

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 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Research and development costs (continued)

Research and development expenditure (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 measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

u) Related parties

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

u) 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.

v) 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 2010

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and 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 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*
- Amendments to HKFRS 2, *Share-based payment – vesting conditions and cancellations*

The amendments to HKAS 23, HKFRS 2 and the Improvements to HKFRSs (2008) have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.

3. CHANGES IN ACCOUNTING POLICIES (continued)

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

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:

	2010 ***RMB'000***	2009 *RMB'000*
Fresh produce	**460,451**	410,560
Processed products	**749,358**	628,503
Beverage products	**409,082**	234,880
Rice and related products	**193,642**	188,339
Instant noodles	**88,251**	85,377
	1,900,784	1,547,659

5. OTHER REVENUE AND OTHER NET INCOME

	2010 **RMB'000**	2009 RMB'000
Other revenue		
Total interest income on financial assets not at fair value through profit or loss – interest income from bank	**8,524**	21,661
Other trading income	**1,634**	892
Sundry income	**–**	127
	10,158	22,680
Other net income		
Gain on disposal of financial assets at fair value through profit or loss	**–**	548
	10,158	23,228

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging the following:

	2010 RMB'000	2009 RMB'000
a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on Convertible Bonds 2010	**56,586**	53,714
– interest on Convertible Bonds 2013	**4,954**	–
	61,540	53,714
b) Staff costs		
Contributions to defined contribution retirement plans	**1,815**	1,378
Equity-settled share-based payment expenses	**767**	10,324
Salaries, wages and other benefits	**159,936**	150,151
	162,518	161,853
c) Other items		
Amortisation of land lease premium	**4,991**	3,986
Amortisation of long-term prepaid rentals	**46,028**	44,654
Depreciation of property, plant and equipment	**103,009**	79,327
Operating lease charges: minimum lease payments		
– property rentals	**5,817**	5,237
Research and development expenses	**49,538**	52,257
Auditor's remuneration		
– audit services	**1,098**	748
Cost of inventories sold	**900,410**	747,545
Net foreign exchange loss	**2,394**	6,599
Loss on disposal of property, plant and equipment	**126**	15
Loss on redemption of convertible bonds	**842**	–

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2010	2009
	RMB'000	RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	**94,822**	62,825
Over-provision in respect of prior years	**–**	(39,896)
Deferred tax		
Origination and reversal of temporary differences	**20,302**	17,483
	115,124	40,412

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

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

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2010 and 2009 has been made as the Group has no estimated assessable profits arising in Hong Kong for the both years.

(iii) Other Income Tax

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

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

	2010	2009
	RMB'000	RMB'000
Profit before taxation	**691,120**	495,337
Notional tax on profit before taxation, calculated at rates applicable to profits in the countries concerned	**178,654**	129,844
Tax effect of operating loss of Group companies not subject to income tax	**12,601**	12,232
Tax effect of non-taxable income	**(11,605)**	(4,977)
Tax effect of profit exempted from income tax as a result of tax benefit	**(99,636)**	(90,541)
Withholding tax on profits distributable by the PRC subsidiaries	**21,540**	17,483
Tax effect of unused tax losses not recognised	**8,596**	11,121
Over-provision in prior years	**–**	(39,896)
Others	**4,974**	5,146
Actual tax expense	**115,124**	40,412

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

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 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

8. DIRECTORS' REMUNERATION (continued)

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

No directors of the Company waived any emoluments and no emoluments was paid or payable by the Group as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2010 and 2009.

Note:

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

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 28.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, three (2009: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2009: two) individuals are as follows:

	2010 RMB'000	2009 RMB'000
Salaries and other emoluments	**1,160**	1,319
Discretionary bonuses	**97**	31
Share-based payments	**–**	–
Retirement scheme contributions	**22**	20
	1,279	1,370

The emoluments of the two (2009: two) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2010	2009
HK$	RMB equivalent		
Nil-1,000,000	Nil-880,000	**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 RMB75,081,000 (2009: RMB82,000,000) which has been dealt with in the financial statements of the Company.

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

	2010 **RMB'000**	2009 RMB'000
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	**(75,081)**	(82,000)
Interim dividends from subsidiaries attributable to the profits of the current financial year, approved during the year	**235,200**	203,000
Company's profit for the year (note 27(a))	**160,119**	121,000

11. DIVIDENDS

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

	2010 **RMB'000**	2009 RMB'000
Interim dividend declared and paid of HK$0.090 (equivalent to approximately RMB0.079) (2009: HK$0.073) per ordinary share	**69,912**	56,829
Final dividend proposed of HK$0.090 (equivalent to approximately RMB0.079) (2009: HK$0.073) per ordinary share	**69,801**	56,829
	139,713	113,658

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

11. DIVIDENDS (continued)

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

	2010	2009
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.073 (2009: HK$0.090) per ordinary share	**56,707**	70,064

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB575,996,000 (2009: RMB454,925,000) and the weighted average number of 884,035,543 ordinary shares (2009: 883,807,707 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
	Number of ordinary shares	Number of ordinary shares
Issued ordinary shares at 1 May	**884,035,543**	882,550,543
Effect of issuance of shares under share option scheme	**–**	1,257,164
Weighted average number of ordinary shares at 30 April	**884,035,543**	883,807,707

12. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB637,536,000 (2009: RMB454,925,000) and the weighted average number of 990,943,764 ordinary shares (2009: 887,625,499 ordinary shares), calculated as follows:

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

	2010 RMB'000	2009 RMB'000
Profit attributable to ordinary equity shareholders	**575,996**	454,925
After tax effect of effective interest on liability component of convertible bonds	**61,540**	–
Profit attributable to ordinary equity shareholders (diluted)	**637,536**	454,925

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

	2010 Number of ordinary shares	2009 Number of ordinary shares
Weighted average number of ordinary shares at 30 April	**884,035,543**	883,807,707
Effect of deemed issue of shares under the Company's share option scheme	**6,282,565**	3,817,792
Effect of conversion of convertible bonds	**100,625,656**	–
Weighted average number of ordinary shares at 30 April	**990,943,764**	887,625,499

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

13. EMPLOYEE RETIREMENT BENEFITS

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

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

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

For the year ended 30 April 2010, the Group's retirement plan contributions amounted to approximately RMB1,815,000 (2009: RMB1,378,000).

14. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both products and geography. On first-time adoption of HKFRS 8 "Operating Segments" and 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 the agricultural produce and sells the products to domestic and overseas customers. Currently the Group's activities in this regard are carried out in Mainland China.

- Beverage products: this segment manufactures the beverage products and sells the products to domestic customers. Currently the Group's activities in this regard are carried out in Mainland China.

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

- Instant noodles: this segment manufactures the instant noodles and sells the products to domestic customers. Currently the Group's activities in this regard are carried out in Mainland China.

(a) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments. In this regard, 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 tangible and 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.

14. SEGMENT REPORTING (continued)

(a) Segment Results, Assets and Liabilities (continued)

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.

The measure used for reporting segment profit is "adjusted operating profit". To arrive at "adjusted operating profit", the Group's profit is further 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 2010 and 2009 is set out below.

	Fresh produce and processed products		Beverage products		Rice and related products		Instant noodles		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**1,209,809**	1,039,063	**409,082**	234,880	**193,642**	188,339	**88,251**	85,377	**1,900,784**	1,547,659
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Reportable segment revenue	**1,209,809**	1,039,063	**409,082**	234,880	**193,642**	188,339	**88,251**	85,377	**1,900,784**	1,547,659
Reportable segment profit	**520,820**	425,231	**189,725**	101,586	**70,727**	68,826	**20,877**	9,614	**802,149**	605,257
Interest income	**2,472**	6,118	**589**	956	**206**	545	**94**	247	**3,361**	7,866
Depreciation and amortisation for the year	**111,743**	104,573	**11,667**	1,691	**8,658**	8,642	**3,809**	3,799	**135,877**	118,705
Income tax	**62,136**	12,850	**29,225**	15,345	**19,282**	9,697	**5,719**	2,520	**116,362**	40,412
Reportable segment assets	**2,555,678**	2,154,933	**402,666**	204,455	**195,534**	124,593	**84,840**	64,500	**3,238,718**	2,548,481
Additions to non-current segment assets during the year	**205,661**	952,744	**63,049**	66,669	**-**	36,000	**-**	-	**268,710**	1,055,413
Reportable segment liabilities	**23,590**	19,742	**14,273**	16,832	**607**	395	**106**	643	**38,576**	37,612

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

14. SEGMENT REPORTING (continued)

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

	2010 RMB'000	2009 RMB'000
Revenue		
Reportable segment revenue	**1,900,784**	1,547,659
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**1,900,784**	1,547,659
Profit or loss		
Reportable segment profit	**802,149**	605,257
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from Group's external customers	**802,149**	605,257
Finance costs	**(61,540)**	(53,714)
Corporate finance income	**5,163**	13,795
Other revenue and other net income	**1,634**	1,567
Unallocated depreciation and amortization	**(18,151)**	(9,262)
Unallocated head office and corporate expenses	**(37,293)**	(62,306)
Loss on redemption of convertible bonds	**(842)**	–
Consolidated profit before taxation	**691,120**	495,337

	2010 RMB'000	2009 RMB'000
Assets		
Reportable segment assets	**3,238,718**	2,548,481
Unallocated head office and corporate assets	**2,110,942**	1,032,965
Consolidated total assets	**5,349,660**	3,581,446

14. SEGMENT REPORTING (continued)

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

	2010 RMB'000	2009 RMB'000
Liabilities		
Reportable segment liabilities	**38,576**	37,612
Convertible Bonds 2010	**902,809**	896,899
Convertible Bonds 2013	**1,258,720**	–
Income tax payable	**21,258**	10,432
Deferred tax liabilities	**53,891**	17,483
Unallocated head office and corporate liabilities	**3,982**	46,191
Consolidated total liabilities	**2,279,236**	1,008,617

(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 and long-term prepaid rentals ("specified non-current assets"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated.

	Revenues from external customers		Specified non-current assets	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Mainland China (place of domicile)	**1,045,956**	815,974	**2,101,549**	1,981,990
Japan	**354,701**	329,942	**–**	–
Other Asian countries	**203,859**	170,798	**–**	–
Europe	**195,205**	175,481	**–**	–
Australia	**7,970**	7,343	**–**	–
America	**41,800**	23,308	**–**	–
Africa	**51,293**	24,813	**–**	–
	854,828	731,685	**–**	–
	1,900,784	1,547,659	**2,101,549**	1,981,990

(d) Information about major customer

For the years ended 30 April 2010 and 2009, revenue from any customer of the Group does not exceed 10% of the Group's total turnover.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings RMB'000	Infrastructure on cultivation bases RMB'000	Leasehold improvement RMB'000	Machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost:								
At 1 May 2008	134,443	219,854	–	206,915	28,768	2,708	72,358	665,046
Exchange realignment	–	–	–	–	(11)	–	–	(11)
Additions	133,962	18,110	78,315	99,986	9,849	1,560	110,096	451,878
Transfer from/(to)	–	65,838	2,000	14,677	–	–	(82,515)	–
Disposals	(1,264)	–	–	(4)	(262)	(73)	–	(1,603)
Reclassification	–	15,321	–	–	(15,321)	–	–	–
At 30 April 2009	267,141	319,123	80,315	321,574	23,023	4,195	99,939	1,115,310
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 from/(to)	–	102,793	–	–	–	–	(102,793)	–
Disposals	–	–	–	(380)	(76)	(350)	–	(806)
At 30 April 2010	271,997	424,886	80,315	387,116	25,808	4,075	167,354	1,361,551
Accumulated depreciation:								
At 1 May 2008	16,319	76,157	–	41,015	6,951	1,214	–	141,656
Exchange realignment	–	–	–	–	(3)	–	–	(3)
Charge for the year	11,815	41,890	3,140	20,236	1,637	609	–	79,327
Written back on disposals	(1,264)	–	–	(3)	(262)	(59)	–	(1,588)
Reclassification	–	1,718	–	–	(1,718)	–	–	–
At 30 April 2009	26,870	119,765	3,140	61,248	6,605	1,764	–	219,392
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	38,142	166,802	12,784	91,967	9,891	2,134	–	321,720
Carrying amount:								
At 30 April 2010	233,855	258,084	67,531	295,149	15,917	1,941	167,354	1,039,831
At 30 April 2009	240,271	199,358	77,175	260,326	16,418	2,431	99,939	895,918

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

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:

	2010 **RMB'000**	2009 RMB'000
Construction cost of building structure	**108,754**	34,007
Construction cost of infrastructure on cultivation bases	**12,174**	57,117
Cost of machinery pending installation	**46,426**	8,815
	167,354	99,939

(b) The Company

	Furniture, fixtures and office equipment RMB'000
Cost:	
At 1 May 2008	595
Exchange realignment	(11)
Additions	26
At 30 April 2009	610
At 1 May 2009	610
Exchange realignment	(2)
Additions	22
At 30 April 2010	630
Accumulated depreciation:	
At 1 May 2008	151
Exchange realignment	(3)
Charge for the year	105
At 30 April 2009	253
At 1 May 2009	253
Exchange realignment	(1)
Charge for the year	99
At 30 April 2010	351
Carrying amount:	
At 30 April 2010	279
At 30 April 2009	357

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

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

The Group

	2010	2009
	RMB'000	RMB'000
Cost:		
At 1 May	**238,812**	157,756
Additions	**–**	81,056
At 30 April	**238,812**	238,812
Accumulated amortisation:		
At 1 May	**9,412**	5,426
Amortisation for the year	**4,991**	3,986
At 30 April	**14,403**	9,412
Carrying amount:		
At 30 April	**224,409**	229,400

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

17. LONG-TERM PREPAID RENTALS

The Group

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

	2010 **RMB'000**	2009 RMB'000
Cost:		
At 1 May	**1,097,226**	303,956
Additions	**29,911**	793,270
At 30 April	**1,127,137**	1,097,226
Accumulated amortisation:		
At 1 May	**197,357**	152,703
Amortisation for the year	**46,028**	44,654
At 30 April	**243,385**	197,357
Carrying amount:		
At 30 April	**883,752**	899,869

Analysis of long-term prepaid rentals is as follows:

	2010 **RMB'000**	2009 RMB'000
Non-current portion	**837,309**	856,672
Current portion	**46,443**	43,197
Carrying amount at 30 April	**883,752**	899,869

The carrying value of the long-term prepaid rentals for fruit farms was RMB143,713,000 (2009: RMB149,863,000) as at 30 April 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

18. INVESTMENTS IN SUBSIDIARIES

The Company

	2010 RMB'000	2009 RMB'000
Unlisted shares, at cost		
At 1 May	**246,988**	251,055
Additions	**–**	343
Exchange realignment	**(926)**	(4,410)
At 30 April	**246,062**	246,988

Details of subsidiaries as at 30 April 2010 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

18. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2010 are as follows: (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

18. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries as at 30 April 2010 are as follows: (continued)

Name of company	Place of incorporation and operation	Issued and paid up share capital/ registered capital	Proportion of ownership interest: Group's effective holding	Held by the Company	Held by subsidiary	Principal activities
Zhonglu (Hubei) Food Development Limited (note (ii))	The PRC	RMB10,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Quanzhou) Green Foods Development Co. Ltd. (note (ii))	The PRC	HK$50,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Shanghai) Industry Investment Limited (note (i))	The PRC	US$10,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Hubei) Industry Development Limited (note (i))	The PRC	HK$150,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Shanghai Zhonglu Foodstuff Co., Ltd. (note (iii))	The PRC	RMB3,000,000	100%	–	100%	Dormant
Fengxin Zhonglu Biyun Organic Rice Science Technology Limited (note (iii))	The PRC	RMB20,040,080	100%	–	100%	Dormant
Hubei Eco-sky Agricultural Development Limited (note (iii))	The PRC	RMB20,000,000	100%	–	100%	Dormant
Zhonglu (Shanghai) Food and Catering Ltd. (note (iii))	The PRC	RMB1,000,000	100%	–	100%	Sales of food

Notes:

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

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

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

19. INVENTORIES

The Group

Inventories represent the following:

	Note	2010 RMB'000	2009 RMB'000
Raw materials	(i)	**5,570**	4,251
Agricultural materials	(ii)	**2,046**	1,664
Consumable and packing materials	(iii)	**4,102**	5,006
Work-in-progress	(iv)	**7,149**	9,613
Finished goods		**1,765**	1,092
Total		**20,632**	21,626

Notes:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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20. BIOLOGICAL ASSETS

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

	2010 RMB'000	2009 RMB'000
At 1 May	**50,434**	43,059
Gain arising from changes in fair value less estimated point-of-sale costs		
– included in inventories	**2,618**	2,074
– included in cost of sales	**200,068**	192,125
– on the face of the consolidated income statement	**39,269**	19,489
Increase due to plantation	**224,659**	211,095
Decrease due to harvest	**(449,980)**	(417,408)
At 30 April	**67,068**	50,434

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

	2010 RMB'000	2009 RMB'000
Vegetables	**48,113**	36,792
Fruit	**18,955**	13,642
	67,068	50,434

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

	2010 RMB'000	2009 RMB'000
At fair value less estimated point-of-sale costs	**67,068**	50,434

Vegetables and fruit were stated at fair value less estimated point-of-sale costs as at 30 April 2010 and 2009. The fair value was determined based on the market price of respective matured produce in the local market adjusted with reference to the growing conditions, cost incurred and to be incurred and expected yield of the crops.

20. BIOLOGICAL ASSETS (continued)

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

	2010		2009	
	Quantity (tons)	RMB'000	Quantity (tons)	RMB'000
Vegetable and rice	**341,500**	**409,409**	326,460	385,390
Fruit	**21,680**	**40,571**	16,372	32,018
	363,180	**449,980**	342,832	417,408

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Amounts due from subsidiaries	**–**	–	**1,678,688**	1,346,842
Trade receivables	**29,319**	13,197	**–**	–
Interest receivable	**8,006**	8,174	**5,457**	6,921
Other receivables	**365**	5	**2**	5
Loans and receivables	**37,690**	21,376	**1,684,147**	1,353,768
Deposits paid for acquisition of fixed assets	**38,461**	5,244	**–**	–
Rental and other deposits	**773**	966	**444**	562
Trade deposits	**–**	56	**–**	–
Prepayments	**1,939**	9,265	**–**	–
Value added tax recoverable	**4,468**	12,789	**–**	–
	83,331	49,696	**1,684,591**	1,354,330

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

21. TRADE AND OTHER RECEIVABLES (continued)

a) Included in trade and other receivables are trade receivables with the following ageing analysis as of the balance sheet date:

	The Group	
	2010	2009
	RMB'000	RMB'000
Within 1 month	**29,319**	13,197

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.

22. CASH AND CASH EQUIVALENTS

a) **Cash and cash equivalents comprise:**

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank	**2,326,253**	1,343,972	**772,674**	356,621
Cash on hand	**263**	358	**–**	–
Cash and cash equivalents in the balance sheets and consolidated cash flow statement	**2,326,516**	1,344,330	**772,674**	356,621

22. CASH AND CASH EQUIVALENTS (continued)

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

	The Group	
	2010	2009
	RMB'000	RMB'000
Profit before taxation	**691,120**	495,337
Adjustments for:		
Amortisation of land lease premium	**4,991**	3,986
Amortisation of long-term prepaid rentals	**46,028**	44,654
Depreciation of property, plant and equipment	**103,009**	79,327
Loss on disposal of property, plant and equipment	**126**	15
Gain on disposal of financial assets at fair value through profit or loss	**–**	(548)
Gain on changes in fair value less estimated point-of-sale costs of biological assets	**(39,269)**	(19,489)
Interest income	**(8,524)**	(21,661)
Interest expenses	**61,540**	53,714
Loss on redemption of convertible bonds	**842**	–
Foreign exchange loss	**852**	6,043
Equity-settled share-based payment expenses	**767**	10,324
	861,482	651,702
Changes in working capital:		
Decrease in inventories	**994**	4,532
Decrease in biological assets	**22,635**	12,114
Increase in trade and other receivables	**(586)**	(18,341)
Increase/(decrease) in due to directors	**750**	(4,209)
Increase/(decrease) in trade and other payables	**8,221**	(9,106)
Cash generated from operations	**893,496**	636,692

23. DUE TO DIRECTORS

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**8,239**	2,308	**–**	–
Accrued salaries and wages	**10,743**	9,558	**287**	6
Payable for the acquisition of fixed assets	**16,903**	67,111	**–**	–
Other accruals and payables	**1,854**	1,117	**1,255**	748
Financial liabilities measured at amortised cost	**37,739**	80,094	**1,542**	754
Other taxes payable	**2,331**	1,965	**–**	–
	40,070	82,059	**1,542**	754

Included in trade and other payables are trade payables with the following ageing analysis as of the balance sheet date:

	The Group	
	2010	2009
	RMB'000	RMB'000
Within 1 month	**8,239**	2,308

25. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2010	2009
	RMB'000	RMB'000
At 1 May	**10,432**	54,902
Provision for the PRC Enterprise Income Tax for the year	**94,822**	62,825
Over-provision in respect of prior years	**–**	(39,896)
Tax paid during the year	**(83,996)**	(67,399)
At 30 April	**21,258**	10,432

b) Deferred tax liabilities recognised:

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

	The Group		
	Undistributed profits of foreign controlled entities	**Convertible bonds**	**Total**
	RMB'000	RMB'000	RMB'000
Deferred tax arising from:			
At 1 May 2008	–	–	–
Charged to income statement	17,483	–	17,483
At 30 April 2009	17,483	–	17,483
At 1 May 2009	17,483	–	17,483
Recognised directly in equity	–	16,106	16,106
Charged to income statement	21,540	(1,238)	20,302
At 30 April 2010	39,023	14,868	53,891

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

25. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (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 income statement	(1,238)
At 30 April 2010	14,868

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

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

As at 30 April 2010, deferred tax liabilities of approximately RMB39,023,000 (2009: RMB17,483,000) 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 RMB90,308,000 (2009: RMB40,794,000) have not been recognised, as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Company's PRC subsidiaries for the year from 1 January 2008 to 30 April 2010 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2010.

c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB116,949,000 (2009: RMB82,564,000) as it is not probable that future taxable profits against which the tax losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under the current tax legislation.

26. 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.

   On the maturity date, the outstanding Convertible Bonds 2010 will be redeemed by the Company at 104.6% of the principal amount and will mature on 29 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.

   Since the date of issue up to 30 April 2010, no Convertible Bonds 2010 has been converted into the Company's ordinary shares.

   On 10 April 2010, the Company repurchased the Convertible Bonds 2010 with principal amount of RMB50,000,000 at RMB51,000,000 through an open market. Immediately after the repurchase, the principal amount of RMB95,000,000 remains outstanding, and a loss of approximately RMB842,000 from the repurchase was recognised in profit or loss.

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 initial conversion price is 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 7,756% per annum to the liability component of Convertible Bonds 2013.

   Since the date of issue up to 30 April 2010, no Convertible Bonds 2013 has been converted into the Company's ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

27. 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 2008		92,105	696,714	294,402	43,189	94,040	71,653	(131,658)	1,160,445
Exchange differences on translation into presentation currency		–	–	–	–	–	–	(20,381)	(20,381)
Profit for the year		–	–	–	–	–	121,000	–	121,000
Total comprehensive income for the year		–	–	–	–	–	121,000	(20,381)	100,619
Equity-settled share-based transactions		–	–	–	10,324	–	–	–	10,324
Shares issued upon exercise of share option	27(b)(ii)	131	5,818	–	(1,372)	–	–	–	4,577
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	(70,064)	–	(70,064)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	(56,829)	–	(56,829)
At 30 April 2009		92,236	702,532	294,402	52,141	94,040	65,760	(152,039)	1,149,072
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
Transfer to retained profits upon the redemption of Convertible Bonds 2010		–	–	–	–	(4,186)	4,702	–	516
Equity components of Convertible Bonds 2013 issued		–	–	–	–	64,426	–	–	64,426
Deferred tax liability on recognition of equity component of Convertible Bonds 2013	25(b)	–	–	–	–	(16,106)	–	–	(16,106)
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)
At 30 April 2010		92,236	702,532	294,402	52,908	138,174	103,962	(156,164)	1,228,050

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

27. 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 2010 and 2009, 1 May 2008	2,000,000	200,000	212,000
Issued and fully paid:			
At 1 May 2008	882,550	88,255	92,105
Shares issued upon exercise of share options	1,485	149	131
At 30 April 2009, 1 May 2009 and 30 April 2010	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 2010

27. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

(ii) Shares issued upon exercise of share options

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

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

Exercise period	Exercise price	2010 Number	2009 Number
19 April 2006 to 11 December 2013	HK$3.50	**7,875,000**	7,875,000
30 May 2007 to 11 December 2013	HK$7.29	**18,900,000**	18,900,000
3 April 2008 to 11 December 2013	HK$8.50	**600,000**	600,000
		27,375,000	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 28 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.

27. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(ii) PRC statutory reserve

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

(iii) Merger reserve

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

(iv) Share-based compensation reserve

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

(v) Convertible bonds reserve

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

(vi) Exchange reserve

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

(vii) Contributed surplus

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

27. 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 2010, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus mentioned above, was approximately RMB242,200,000 (2009: RMB208,123,000). In addition, the Company's share premium account, in the amount of approximately RMB702,532,000 at 30 April 2010 (2009: RMB702,532,000), may be distributed in the form of fully paid bonus shares. After the balance sheet date, the directors proposed a final dividend of HK$0.09 per ordinary share (equivalent to approximately RMB0.079) (2009: HK$0.073 per ordinary share), amounting to approximately RMB69,801,000 (2009: RMB56,829,000) (note 11(a)). This dividend has not been recognised as a liability at the balance sheet date.

(e) Capital management

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

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

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

27. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

During the year ended 30 April 2010, the Group's strategy, which was unchanged from the last year, was to maintain the adjusted net debt-to-equity ratio at the lower end by having sufficient cash and cash equivalent over total debt and proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-equity ratio at 30 April 2010 and 2009 was as follows:

		The Group		The Company	
	Note	**2010 RMB'000**	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Trade and other payables	24	**40,070**	82,059	**1,542**	754
Due to directors	23	**2,488**	1,744	**1,738**	1,744
Convertible bonds	26	**2,161,529**	896,899	**2,161,529**	896,899
Total debt		**2,204,087**	980,702	**2,164,809**	899,397
Add: Proposed dividends	11(a)	**69,801**	56,829	**69,801**	56,829
Less: Cash and cash equivalents	22	**(2,326,516)**	(1,344,330)	**(772,674)**	(356,621)
Net debt		**(52,628)**	(306,799)	**1,461,936**	599,605
Total equity	27	**3,070,424**	2,572,829	**1,228,050**	1,149,072
Adjusted net debt-to-equity ratio		**N/A**	N/A	**119%**	52%

The adjusted net debt-to-equity ratio of the Company was over 100% as at 30 April 2010. The Company regarded that such situation was short term only. In order to maintain adjusted net debt-to-equity ratio to lower level, the Company has planned to use part of the bank deposits with maturity over 3 months of RMB704 million, that was not included in the calculation above, to reduce debt level.

Pursuant to a bond placement agreement dated 22 October 2007 and 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.

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 2010

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	2010		2009	
	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$6.09	28,860
Exercised during the year	**–**	**–**	HK$3.50	(1,485)
Outstanding at the end of the year	**HK$6.23**	**27,375**	HK$6.23	27,375
Exercisable at the end of the year	**HK$6.23**	**27,375**	HK$5.93	21,525

The weighted average share price at the date of exercise for share options exercised during the year ended 30 April 2009 was HK$9.20. The options outstanding at 30 April 2010 had an exercise price of HK$3.50, HK$7.29 or HK$8.50 and a weighted average remaining contractual life of 3.62 years (2009: 4.62 years).

(c) Fair value of share options and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

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

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

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

29. 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 would 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 balance sheet.

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

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

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Credit risk (continued)

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

b) Liquidity risk

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

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

The Group

2010

		Contractual undiscounted cash outflow			
	Balance sheet carrying amount at 30 April RMB'000	Total RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
Due to directors	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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Liquidity risk (continued)

The Group (continued)

2009

	Balance sheet 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	1,744	1,744	1,744	–	–
Trade and other payables	82,059	82,059	82,059	–	–
Convertible bonds	896,899	1,046,000	–	1,046,000	–
	980,702	1,129,803	83,803	1,046,000	–

The Company

2010

	Balance sheet 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**

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Liquidity risk (continued)

The Company (continued)

2009

	Balance sheet 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	1,744	1,744	1,744	–	–
Trade and other payables	754	754	754	–	–
Convertible bonds	896,899	1,046,000	–	1,046,000	–
	899,397	1,048,498	2,498	1,046,000	–

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 26).

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 2010, 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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Currency risk

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

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

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

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

The Group

	2010 USD'000	**2010 HKD'000**	2009 USD'000	2009 HKD'000
Assets				
Trade and other receivables	**3,281**	**2,706**	1,866	9,927
Bank deposits matured over 3 months	**100,000**	**24,600**	10,000	24,600
Cash and cash equivalents	**125,031**	**65,240**	58,276	115,832
Liabilities				
Due to directors	**–**	**1,981**	–	1,981
Trade and other payables	**–**	**1,757**	–	857

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2010

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Currency risk (continued)

The Company

	2010 USD'000	**2010 HKD'000**	2009 USD'000	2009 HKD'000
Assets				
Trade and other receivables	**632**	**1,680,501**	–	1,537,963
Bank deposits matured over 3 months	**100,000**	**24,600**	10,000	24,600
Cash and cash equivalents	**111,804**	**11,212**	44,109	61,804
Liabilities				
Due to directors	**–**	**1,981**	–	1,981
Trade and other payables	**–**	**1,757**	–	857

Sensitivity analysis

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

	2010		2009	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and other components of consolidated equity RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and other components of consolidated equity RMB'000
United States Dollars	**5%**	**(77,916)**	5%	(24,027)
	(5)%	**77,916**	(5)%	24,027
Hong Kong Dollars	**5%**	**(3,896)**	5%	(6,495)
	(5)%	**3,896**	(5)%	6,495

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet. The analysis is performed on the same basis for 2009.

29. 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 2010 and 2009

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

(ii) Convertible bonds

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

30. COMMITMENTS

a) Capital commitments

Capital commitments of the Group at 30 April 2010 not provided for in the financial statements were as follows:

	2010 **RMB'000**	2009 RMB'000
Contracted for		
– Purchase of property, plant and equipment	**93,887**	67,912

30. COMMITMENTS (continued)

b) Operating lease commitments

At 30 April 2010, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2010 RMB'000	2009 RMB'000
The Group		
Within one year	**13,165**	8,265
After one year but within five years	**33,333**	33,065
After five years	**39,360**	6,698
Total	**85,858**	48,028
The Company		
Within one year	**5,227**	3,298
After one but within five years	**3,049**	–
Total	**8,276**	3,298

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.

31. 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:

	2010 RMB'000	2009 RMB'000
Short-term employee benefits	**3,371**	7,613
Post-employment benefits	**68**	49
Equity compensation benefits	**244**	4,033
	3,683	11,695

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

b) Transactions with other related parties

Except for amounts due to directors as disclosed in note 23, during the year, the Group had not entered into any material related party transactions.

32. NON-ADJUSTING POST BALANCE SHEET EVENTS

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

33. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Notes 28 and 29(f) contain information about the assumptions relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairments

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

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

(b) Depreciation

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

33. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Write-down of inventories

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

(d) Fair value of biological assets and agricultural produce

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

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

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

(e) Provision for income tax

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

34. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised) "Presentation of Financial Statements" and HKFRS 8 "Operating Segments", certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time for the year ended 30 April 2010. Further details of these developments are disclosed in note 3.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2010

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 2010 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 3 (Revised) "Business Combinations"	1 July 2009
Amendments to HKAS 27 "Consolidated and Separate Financial Statements"	1 July 2009
Amendments to HKAS 39 "Financial Instruments: Recognition And Measurement" – *Eligible hedged items*	1 July 2009
HK(IFRIC) – Int 17 "Distributions of Non-Cash Assets to Owners"	1 July 2009
Amendments to HKFRS 5 as part of improvements to HKFRSs 2008	1 July 2009
Improvements to HKFRSs 2009	1 July 2009 or 1 January 2010
Amendments to HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards" – *Additional exemptions for First-time Adopters*	1 January 2010
Amendments to HKFRS 2 "Share-based Payment" – *Group cash-settled share-based payment transactions*	1 January 2010
Amendments to HKAS 32 "Financial Instruments – Presentation" – *Classification of rights issues*	1 February 2010
HKAS 24 (Revised) "Related Party Disclosures"	1 January 2011
Amendments to HK(IFRIC) – Int 14 "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – *Prepayments of a minimum funding requirement*	1 January 2011
HK(IFRIC) – Int 19 "Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010
HKFRS 9 "Financial Instruments"	1 January 2013

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				
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	**2010** **RMB'000**
Turnover	686,602	954,149	1,267,094	1,547,659	**1,900,784**
Gross profit	354,416	497,926	676,644	800,114	**1,000,374**
Profit before tax	262,266	345,750	483,746	495,337	**691,120**
Profit attributable to shareholders	271,275	345,995	470,952	454,925	**575,996**
Non-current assets	532,422	652,248	788,798	1,981,990	**2,101,549**
Current assets	986,005	1,188,735	2,379,011	1,599,456	**3,248,111**
Current liabilities	(83,495)	(90,842)	(85,004)	(94,235)	**966,625**
Non-current liabilities	(302,302)	(64,605)	(843,185)	(914,382)	**1,312,611**
Shareholders' equity	1,132,630	1,685,536	2,239,620	2,572,829	**3,070,424**
Basic earnings per share (RMB)	0.373	0.448	0.538	0.515	**0.652**