2012
Annual Report

中國綠色食品(控股)有限公司*

CHINA GREEN (HOLDINGS) LIMITED

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

* For identification only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Sun Shao Feng
(Chairman and Chief Executive Officer)
Nie Xing

Independent Non-executive Directors:

Huang Zhigang
Hu Ji Rong
Zheng Baodong

COMPANY SECRETARY

Chan Ka Pong

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

AUDITORS

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

HONG KONG LEGAL ADVISER

Shearman & Sterling

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 4120-24, 41/F
Sun Hung Kai Centre
30 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

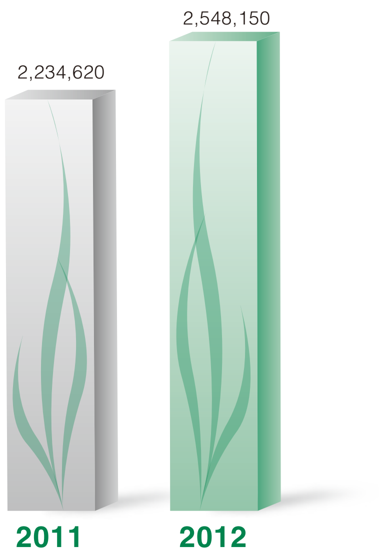
00904

WEBSITE

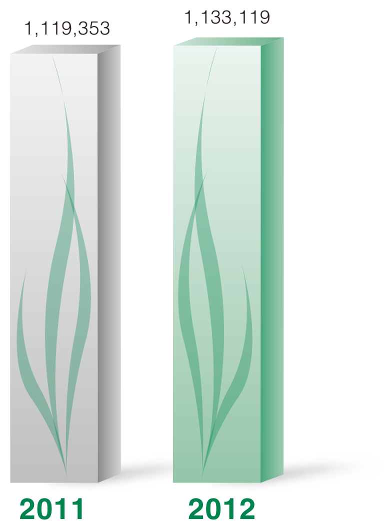
http://www.chinagreen.com.hk

FINANCIAL HIGHLIGHTS

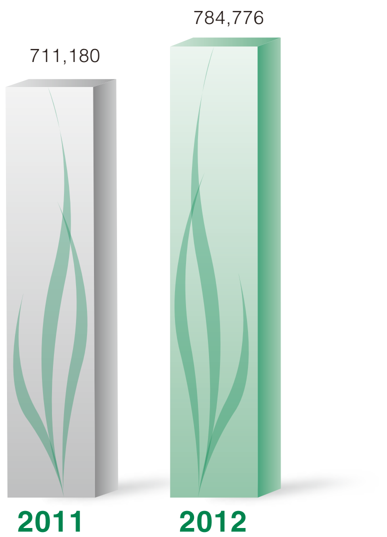
TURNOVER
(RMB'000)



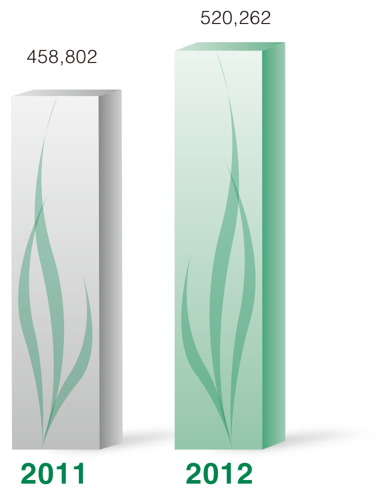
GROSS PROFIT
(RMB'000)



PROFIT FROM OPERATIONS
(RMB'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(RMB'000)



CHAIRMAN'S STATEMENT

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

Creating a Healthier China

Dear Shareholders,

In 2012, despite a slow-growing macro-economy and increased inflation and being negatively affected by a series of food safety incidents, the domestic food and beverage market continued to grow stably. The growth in disposable income and the increase in health awareness of the general population continue to drive the growth in consumer demand for quality food and beverage products in China.

China Green (Holdings) Limited ("China Green" or the "Company") tried to seize the market opportunities to strengthen the supply of raw materials for its downstream business and to optimize the multi-grain beverage business by leveraging its vertically integrated business model of which we are so proud. Meanwhile, we have paid so much care for food safety as it has long been considered as a critical factor to secure a long-term success for a food and beverage company. We have been taking much effort to establish a comprehensive food safety risk management system by complying with various local and internationally recognized quality standards during the production processes, in order to ensure our products are of best quality. Also, the Group has been endeavoring to expand its national-wide distribution network for its food and beverage businesses to maintain itself as a market leader in the multi-grain consumer goods industry.

Owing to its continuous efforts, China Green has remained to grow stably in the year. Driven by the continuing strong growth in the branded food and beverage segment, the Group's turnover reached RMB2,550 million in the 2012 fiscal year ("FY2012"), showing a year-on-year growth of 14%; Profit attributable to the owners of the Company for the year was RMB520 million, representing a growth of 13.4% as compared with that of the previous financial year.

China Green has four categories of businesses, namely branded beverage business, branded food business, processed products business and fresh produce business. The revenue from the branded beverage business jumped to a record high of RMB1,058 million, representing a

CHAIRMAN'S STATEMENT

43.3% increase from RMB738 million in the 2011 fiscal year. Our multi-grain series marketed under the brand "Cu Liang Wang" remained as the key product under our beverage business, contributing 91% of our total beverage sales in FY2012. We will strive to maintain the strong growth momentum of our branded beverage business through wider geographical coverage and higher market penetration, as well as through diversification of product range.

For the branded food business, we launched a new frozen food product line under the brand "Cu Liang Dang Dao" in the fourth quarter of 2011. With the leverage of our recognized brand image and product innovation, the "Cu Liang Dang Dao" series has been well received by consumers in China, generating revenue of RMB75 million in FY2012, and the sales of that for several months already accounted for 25% of the total sales of our branded food for the entire financial year.

China Green has been maintaining its unique standards in product quality, variety and safety by leveraging its vertically integrated business model from cultivation, production to distribution, thus ensuring an effective control along the production process, providing our customers with quality products, and boosting the brand image as an integrated food and beverage producer.

In addition, the Group is operating a beverage production facility with a total annual capacity of approximately 120,000 tons and several processed food production facilities with a total annual capacity of approximately 560,000 tons. We are looking to establish new production plants nationwide strategically, including one beverage plant which is situated in Hubei province and will commence production during the 2013 fiscal year. The Group is also planning to build another two beverage plants in the provinces of Hebei and Fujian respectively in the 2014 fiscal year, so as to further increase the Group's production capacity and to meet the expected growth in demand for our beverage products.

Looking forward, the Group will continue to explore new cultivation bases, food and beverage production factories in various parts of China in order to leverage on its leading position in the multi-grain agricultural, processed products and branded food and beverage sectors. With its robust business model, high quality product control, well-developed operational and management system and its well-known brand "China Green", the Group is confident that it will deliver sustainable and promising results and maximize value to its shareholders as a whole. On behalf of China Green, I would like to extend my sincere gratitude to our shareholders, customers and other business partners for their support to us. I would also like to take this opportunity to thank my fellow Directors, management team, and staff for their impressive effort and outstanding commitment to China Green.

Sun Shao Feng
Chairman

27 July 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

In 2011, China recorded a GDP growth of 9.2%, a decrease from 10.4% compared to last year. While China's economic growth has started to slow, it remains relatively strong in the context of the global economy. At the same time, China continued to battle inflation, particularly in food prices. In 2011 China recorded an increase in the Producer Price Index (PPI) and an increase in the Consumer Price Index (CPI) of 6.0% and 5.4%, respectively. Inflation of foodstuffs recorded an even higher increase of 11.8%. In this challenging context of a slowing macro-economy and increased inflation, the domestic food and beverage market continued to grow despite being negatively affected by a series of food safety incidents. The growth in disposable income continue to drive the growth in consumer demand for quality food and beverage products.

Results Overview

Driven by the continuing strong growth in the branded food and beverage segment, the Group's turnover reached RMB2,548 million in the financial year ended 30 April 2012 ("FY2012"), showing a growth of 14.0% as compared with RMB2,235 million in the last financial year ("FY2011"). Gross profit was up by 1.2% to RMB1,133 million, and the higher involvement of third party sub-contractors for the production of our branded beverage products during FY2012 whilst the construction of the Group's new beverage facilities is still underway, the inflationary pressure on production costs and a change in profit mix in FY2012 has resulted in an overall decline in gross profit margin to 44.5%, representing a drop by 5.6 basis point as compared to FY2011.

Notwithstanding the above, the operating profit of the Group has increased from RMB711 million in FY2011 to RMB785 million in FY2012, representing a 10.3% year-on-year growth, thanks to a better treasury management which led to a significant drop in foreign exchange losses as well as cost savings as a result of a more efficient marketing and advertising campaign and reduced freight charges through economies of scale. Profit attributable to equity shareholders of the Company for the year was RMB520 million, as compared with RMB459 million in FY2011.

Business Overview

The Group has been maintaining its unique standards in product quality, variety and safety by leveraging its vertically integrated business model from cultivation (seeding, growing, irrigating, fertilizing and harvesting), production (from sterilizing, processing to packaging) to distribution (storage and logistics), thus ensuring an effective control along the production process, maximizing value delivered to our customers, and boosting the brand image as an integrated food and beverage producer.

Beverage sales accounted for 41.5% of the Group's total revenue for FY2012, an increase from 33.0% for FY2011, overtaking processed food, which accounted for 29.7% of the Group's total revenue for FY2012 (FY2011: 34.0%) as the largest contributor of sales during the year. Branded food and agricultural produce accounted for the remaining 11.4% and 17.4% of the Group's total sales, as compared with 10.1% and 22.9% for FY2011. We continued to see strong growth in the domestic market, which generated 69.1% of our total sales during FY2012, as compared to 62.2% in FY2011, owing to the gradual shift of focus to the branded food and beverage business in the domestic market from a mere manufacturer and distributor of fresh produce and processed food on OEM basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Branded Beverage Business

Revenue from the branded beverage business jumped to a record high of RMB1,058 million, representing a 43.3% increase from RMB738 million in FY2011. Our multi-grain series marketed under the brand "Cu Liang Wang" remained as the key product under our beverage business, contributing 91.3% of our total beverage sales in FY2012. Our other beverage products, including the vegetable and fruit juice marketed under the brand "Qing Cai Yuan", the multi-grain porridge under the brand "Ba Bao Zhou", the sweet corn milk products and the honey water, which was newly launched during FY2012, accounted for the remaining 8.7% of the beverage sales.

Since the launch of our multi-grain series in mid-2009, we have seen excellent market response with the help of the ever-increasing awareness of our brand. As a first-mover in the multi-grain beverage sector in China, the Group is well-positioned to benefit from the consumer trend towards healthier and more nutritious beverage products and to tap into the great potential of the rapidly growing multi-grain beverage market with the 9 flavours (including green bean, red bean, oats, peanuts, sweet corn and others) we are now offering as well as new products to be launched to cater for the demand of different tastes and packaging.

The gross profit margin of the branded beverage business was 49.2%, which showed a 53.8% in FY2011, owing to the higher involvement of third party sub-contractors and general inflation on the production costs.

Strengthening of channel coverage continues to be one of the key focus areas of the Group for the expansion of the PRC beverage business. During FY2012, we have undergone a further expansion of our nationwide sales and distribution network of beverage products and our wholesale distributors serve approximately 1,000 county-level regions in all provinces, autonomous regions and municipalities in China. Our distribution network is closely managed and supported by our dedicated sales team in our headquarter and across the country, who are responsible for servicing, supporting and monitoring the distribution activities of local distributors and developing new relationships with distributors, sub-distributors and retailers, and for assisting our distributors to service retailers and consumers and promote our products. We manage our distributors with information supplied by our sales team, including selling price, inventory level and profit margin of distributors, which will enable the Company to help the distributors to strengthen and enhance their business development, thus achieving a win-win situation.

Apart from expansion in distribution channels, the Group has continued to utilize different means ranging from TV commercials and outdoor broadcasting to large-scale promotion activities with an aim of further enhancing the recognition and popularity of the Group's brands to consumers. In FY2012, the total marketing and advertising expenses remained at approximately 8.1% of the total revenue of our branded products during the year (FY2011: 12.3%).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Branded Food Business

In FY2012, our branded food products includes rice related products and hot-pot ingredients. Revenue from the branded food business amounted to RMB289 million, representing an increase by 28.1% as compared to RMB226 million last year, and 11.4% of the Group's total revenue.

Revenue of rice and rice related products in FY2012 was RMB214 million, accounting for 74.1% of our branded food sales. As a means to optimizing the Group's product portfolio, we launched a new frozen food product line under the brand "Cu Liang Dang Dao" during FY2012. With the leverage of our recognized brand image and product innovation, the "Cu Liang Dang Dao" series has been well received by consumers in China, generating a revenue of RMB75 million and 25.9% of our branded food sales in FY2012 since it was first launched in the fourth quarter of 2011. The growth in revenue as a result of new product launch was partly offset by the decrease in revenue from the instant noodle business which was suspended in FY2011 in view of keen competition in the market.

Gross profit for branded food business increased by 24.2% to RMB102 million, while gross profit margin decreased by 1.1 ppt. to 35.3%, mainly attributable to a different product mix and a rise of raw material and labor costs.

We are now offering more than 30 SKUs under our "Cu Liang Dang Dao" frozen food series, including items ranging from fish balls to crab sticks. We aim at enhancing our research and development and production capabilities to further diversify our products with different ingredients and flavours to meet different consumer tastes and preferences. Similar to our branded beverage business, we believe the expansion of our distribution network for our branded food products to achieve higher coverage in the domestic market will continue to be one of our key growth drivers, and to achieve this, we will carefully select our distributors based on a number of factors, including their distribution networks, management and logistics capabilities, sales personnel, financial condition, industry reputation, local knowledge, credit-worthiness and compatibility with our own corporate culture, values and strategies.

Through the introduction of the above new products and those emerging in the coming years, the Group expects to see impetus in the branded food products segment in the domestic market in the foreseeable future.

Processed Products Business

The processed products segment recorded a turnover of RMB757 million in FY2012, representing a year-on-year decline of 0.3%. The overseas market, which is handled by import/export companies, continued to be the major contributor of this segment, representing 87.5% of our total processed products sales (FY2011: 93.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's processed products include canned products, frozen products, pickled products as well as water-boiled products. Sweet corn and mushroom continued to be our best-selling products in the processed products segment.

With the uncertainty in global economic outlook and the lowered consumer spending in the overseas market amid the lingering economic environment, the operating environment of the processed food market has been challenging during the year under review, yet the Group's revenue of processed products has remained relatively stable on account of the demand-driven and seasonal complementary production approach, which allowed the Group to achieve high production efficiency, minimize cost of overproduction and provide the overseas end-customers with a stable supply of products. Japan and Asia ex-Japan remained to be the regions with the major contribution to our processed product sales, with Middle East, South and Central Americas, and Africa continuing to provide a stable source of income. The Group has also been successful in entering long-term business partnerships with large catering clients, including, amongst others, South Beauty and Kentucky Fried Chicken.

The processed product segment reported a gross profit margin of 45.3%, showing a drop by 6.7 ppt. from 52.0% during FY2011.

Fresh Produce Business

The fresh produce business continued to generate stable revenue in FY2012. Total revenue was RMB443 million for the year, representing a year-on-year decline of 13.2% as compared with RMB511 million in FY2011. The gross profit margin was 37.7% (FY2011: 48.0%). The overall average yield of our cultivation bases was also maintained at approximately four to five tons per mu per year.

The domestic market (excluding sales to import/export companies) accounted for 71.5% of the total fresh produce revenue (FY2011: 73.7%). Sweet corn, broccoli, fistular onion and hairy bean continued to be the key products in this segment, representing approximately 25.9% of total revenue.

With a crop rotation system in place, whereby a series of dissimilar types of crops are being grown in the same area in sequential seasons, the build-up of pathogens and pests that often occurs when one species is continuously cropped can be mitigated, and soil structure and fertility can also be improved. The adoption of crop rotation, however, also comes with less overall profitability at times due to decreased acreage of the most valuable crop, which also explained the drop in our fresh produce sales in FY2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Extreme weather conditions such as droughts, heavy rain and floods can affect the quality of farmlands and produce. However, with the Group's strategic selection and location of cultivation bases, as well as the first-class infrastructure and irrigation and drainage systems, we are able to minimize any negative impact to our operations as a result of extreme weather conditions. With the new cultivation base situated in Jilin under a new lease agreement entered into during the year under review, together with the Group's existing portfolio of farmland which span across the provinces of Fujian, Hubei, Hebei and Jiangxi, we have been able to effectively minimize the risk of relying on any individual cultivation base. With the advanced technology we deployed on the cultivation bases, we have not experienced any significant impact to the business operation caused by extreme weather conditions since we were founded. With a vision of providing stable supply of quality food in the domestic market, yet being mindful of protecting our shareholders' returns, the Group will continue to pay close attention to weather conditions in China in order to mitigate the risk of crop loss and to take corresponding remedial measures where necessary.

As a reputable provider of quality and healthy agricultural products, the Group is proud of its vertically integrated business model with extensive control of its cultivation (seeding, growing, irrigating, fertilising and harvesting), production (sterilising, processing and packaging) and logistics (storage and distribution), which distinguishes it from other vegetable and fruit growers and processors in China who only specialise in a part or parts of the chain. It enables the Group to maintain control over the cost, quality and quantity of its produce by reducing the reliance on, and involvement of, suppliers and other third parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Cultivation Bases and Production Facilities

As of the end of April 2012, the Group had cultivation bases held under long-term leases with a total area of approximately 89,200 mu available for plantation, supporting an annual cultivation capacity of around 360,000 tons per year. The geographical location of the Group's cultivation bases is summarised as follows:

Location	**Land Use**	**Approximate gross area (mu)**
Cultivation bases available for plantation		
Quan Zhou City, Fujian 福建省泉州市	Vegetable Farm and Fruit Farm	16,400
Zhang Zhou City, Fujian 福建省漳州市	Vegetable Farm and Fruit Farm	18,500
San Ming City, Fujian 福建省三明市	Vegetable Farm	4,200
Long Yan City, Fujian 福建省龍岩市	Fruit Farm	1,000
Nan Ping City, Fujian 福建省南平市	Vegetable Farm	1,000
Fu Zhou City, Fujian 福建省福州市	Vegetable Farm	3,000
Yi Chun City, Jiangxi 江西省宜春市	Vegetable Farm and Rice Farm	9,100
Nan Chang City, Jiangxi 江西省南昌市	Vegetable Farm	1,000
Zhang Jia Kou City, Hebei 河北省張家口市	Vegetable Farm	12,000
Yi Chang City, Hubei 湖北省宜昌市	Vegetable Farm	3,000
Tian Men City, Hubei 湖北省天門市	Vegetable Farm	20,000
		89,200
Cultivation base under development		
Bai Cheng City, Jilin 吉林省白城市	Multi-grain Farm	50,000
Total		139,200

MANAGEMENT DISCUSSION AND ANALYSIS

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

As of the end of April 2012, the Group owned and operated 11 advanced food processing plants with a total capacity of approximately 560,000 tons per year. For the beverage business, we are operating a production facility with a total capacity of approximately 120,000 tons per year, and are looking to have the second production facility, which is situated in Hubei province, commencing production during the year ending 30 April 2013. The Group is also planning to build another two beverage plants in the next 2 years, so as to further increase the Group's production capacity and to meet the expected growth in demand for our beverage products.

Awards and Recognition

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

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

Outlook and Prospects

With its continuous effort to align the vertically-integrated business model for the whole Group, the anticipated expansion of the upstream agricultural segment will help strengthen the supply of raw materials for its downstream branded multi-grain food and beverage business segment which is believed to be the key driver for growth of the Group in the coming years.

Food safety has long been considered as a critical factor to secure a long-term success for a food and beverage company. The Group has been taking much effort to establish a comprehensive food safety risk management system by complying with various local and internationally recognized quality standards during the production processes. This helps ensure products that we grow, process and manufacture are of best quality when delivered to the end users.

MANAGEMENT DISCUSSION AND ANALYSIS

Our clearly defined position using multi-grains for our products across the broad enables the Group to endeavor and to negotiate, explore and expand its national-wide distribution network for its branded food and beverage businesses. This is coupled with the hosting of yearly distributors conference, various promotional events, new products introduction (e.g. honey water, multi-grain beverage for kids, frozen food series under "Cu Liang Dang Dao" etc.), more widespread advertisement (e.g. through television commercials, internet and outdoor broadcasting, etc.) and more in-depth research and development work to maintain the Group as a market leader in the multi-grain consumer goods industry.

Looking forward, the Group will continue to explore new cultivation bases, food and beverage production factories in various parts of China in order to leverage on its leading position in the multi-grain agricultural, processed products and branded food and beverage sectors. With its robust business model, high quality product control, well-developed operational and management system and its well-known brand "China Green", the Group is confident that it will deliver long term benefits to the shareholders as a whole.

The management is contemplating a possible spin-off of its beverage segment from the Group and good planning and timing are crucial in deriving the highest value to our existing shareholders from this spin-off. The Group will inform shareholders when there is further progress in this exercise.

Group's Liquidity, Financial Resources and Capital Structure

As at 30 April 2012, the total shareholders' funds of the Group were approximately RMB3,832 million (FY2011: RMB3,349 million). The Group had current assets of RMB1,985 million (FY2011: RMB2,040 million) and current liabilities of RMB1,482 million (FY2011: RMB136 million). The current ratio was 1.3 times (FY2011: 15 times).

The convertible bonds issued by the Company during 2010 and maturing in April 2013 remained the only outstanding debt as at 30 April 2012, the principal of which has dropped from RMB1.35 billion as at 30 April 2011 to RMB1.29 billion as at April 2012 following the repurchase of convertible bonds with a principal amount of RMB61.8 million by the Company in September 2011. The calculation of the Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents divided by shareholders' equity) was not applicable as of 30 April 2011 and 2012 because the Group's cash and cash equivalents exceeded its total borrowings. The Group's gearing ratio (total debt divided by shareholders' equity) as at 30 April 2012 was 34.3% (FY2011: 39.3%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 April 2012, the Group had cash and cash equivalents of approximately RMB1,683 million (FY2011: RMB1,712 million). The majority of the Group's funds has been deposited in banks in the PRC and licensed banks in Hong Kong. Management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the next financial year. The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of total liabilities to total assets. As at 30 April 2012, the ratio of total liabilities to total assets was 28.9% (FY2011: 31.2%).

Capital Commitments and Contingent Liabilities

As at 30 April 2012, the Group had contractual capital commitments of approximately RMB47 million (FY2011: RMB151 million), arising from the approved capital expenditure of beverage market.

As at 30 April 2012, the Group had not provided any form of guarantee for any companies outside the Group and had not involved in any material legal proceedings for which provision for contingent liabilities was required.

Fluctuation in Exchange Rates

In FY2012, the Group conducted its business transactions principally in Renminbi. The Group did not experience any material difficulties or negative impact on its operations as a result of fluctuation in currency exchange rates. Accordingly, the Directors concluded that the foreign currency exchange risk exposure was relatively limited and no hedging of such exchange risk was required at that time.

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

The foreign exchange losses of the Group for FY2011 amounting to RMB54 million mainly arisen from the re-translation of non-RMB bank deposits held by the Group. With only limited transactions conducted in currencies other than RMB in FY2012, the size of non-RMB bank deposits has significantly reduced during FY2012, resulting in a net foreign exchange gain of RMB2.8 million in FY2012.

Significant Investments Held and Material Acquisitions

During FY2011 and FY2012, the Group made no significant investments, material acquisitions or disposals of subsidiaries.

Pledge on Group's Assets

As at 30 April 2011 and 2012, the Group had not pledged any assets to banks or others to secure banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Staff and Remuneration Policies

As at 30 April 2012, the Group had a total of 7,600 employees, of which approximately 2,500 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for FY2012 totalled approximately RMB204 million (FY2011: RMB204 million). Employees are paid competitively, taking into account individual performance, experience, and their respective roles and positions. Other benefits offered by the Group included statutory provident funds, year-end bonuses, and share options granted to selected employees based on their individual performance.

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

As at 30 April 2012, the Group maintained sufficient funds for its capital investments and operations in the next financial year.

CORPORATE GOVERNANCE REPORT

China Green (Holdings) Limited (the "Company") is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 to the Listing Rules, which came into effect on 1 January 2005 and was revised and renamed as the Corporate Governance Code and Corporate Governance Report (the "New CG Code") with effect from 1 April 2012.

During the year ended 30 April 2012, the Company was in compliance with all code provisions set out in the Former CG Code except for the deviations from code provisions A.2.1 and A.4.1 which are explained below.

Code provision A.2.1 of the Former CG Code provides that the responsibilities between the chairman and chief executive officer ("CEO") should be divided. Mr. Sun Shao Feng, the chairman of the Company ("Chairman"), currently performs the CEO role. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further 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 Former CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term, but they are subject to retirement from office by rotation in accordance with the bye-laws of the Company (the "Bye-Laws").

During the period from 1 April 2012 to 30 April 2012, the Company has also complied with all code provisions set out in the New CG Code except for the deviation from code provision A.1.8, which is explained below.

Code provision A.1.8 of the New CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company does not have present intention to arrange insurance cover in respect of legal action against its Directors. The Company will consider to make such an arrangement as and when it thinks necessary.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions set out in the Former CG code and the New CG Code during the respective applicable periods for the year ended 30 April 2012.

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. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

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

The Board currently consists of five Directors including two executive Directors and three independent non-executive Directors representing over one-third of the Board:

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

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

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board is composed to ensure strong independence exists across the Board. The biographical details of Directors are set out on pages 27 to 30 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, monitoring of operating budgets, the implementation of internal controls procedures, and ensuring of compliance with relevant statutory requirements and other rules and regulations.

CORPORATE GOVERNANCE REPORT

Board Meetings

During the financial year ended 30 April 2012, the Board held 8 meetings.

Name of Director	Number of attendance
Mr. Sun Shao Feng	8/8
Mr. Nie Xing	8/8
Dr. Tang Kam Sun*	1/1
Mr. Huang Zhigang	8/8
Mr. Hu Ji Rong	8/8
Mr. Zheng Baodong	8/8

* Dr. Tang Kam Sun resigned on 30 June 2011, and 1 Board meeting was held before his resignation.

The Company planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order to ensure that 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 the 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.

General Meetings

During the financial year ended 30 April 2012, 1 general meeting of the Company, being the 2011 annual general meeting ("2011 AGM"), was held on 23 September 2011.

Name of Director	Number of attendance
Mr. Sun Shao Feng	1/1
Mr. Nie Xing	0/1
Dr. Tang Kam Sun*	0/1
Mr. Huang Zhigang	0/1
Mr. Hu Ji Rong	0/1
Mr. Zheng Baodong	0/1

* Dr. Tang Kam Sun resigned on 30 June 2011, and 1 general meeting was held before his resignation.

CORPORATE GOVERNANCE REPORT

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. The Chairman attended the 2011 AGM to answer questions and collect views of shareholders.

Directors' Training

According to the code provision A.6.5 of the New CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company shall be responsible for arranging suitable training for all Directors at the Company's expense. The Corporate Governance Committee (the "CG Committee") is delegated the responsibility by the Board of reviewing and monitoring the training and continuous professional development of the Directors and senior management. In addition to their own participation in professional training, relevant training is to be provided to the Directors by the Company in the financial year commencing on 1 May 2012.

At the Board meeting held on 27 March 2012, the Directors were given an hour's briefing on the recent amendments to the Listing Rules relating to the New CG Code and associated Listing Rules, which came into effect on 1 January or 1 April 2012, so as to ensure that they fully understood their responsibilities under the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Up to the date of this report, the roles of Chairman and CEO were not separate 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 individual has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee"), with written terms of reference, comprising 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 including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and the internal control procedures.

To better comply with the New CG Code, a set of terms of reference of the Audit Committee, currently made available on the Stock Exchange's website and the Company's website, was adopted by the Board on 27 March 2012 to supersede the previous one.

The Audit Committee meets, at least twice a year, with the external auditor to discuss any area of concern during the audit or review. The Audit Committee reviews the interim and annual reports before submission of the same 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 other legal requirements in the review of the Company's interim and annual reports. The Audit Committee will review the existing internal control policies of the Company from time to time to make further improvement to the said policies.

During the financial year ended 30 April 2012, the Audit Committee held 3 meetings.

Name of member	Number of attendance
Mr. Huang Zhigang	3/3
Mr. Hu Ji Rong	3/3
Mr. Zheng Baodong	3/3

NOMINATION COMMITTEE

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 and food and beverage industry and/or other professional areas.

The Company established a nomination committee (the “Nomination Committee”), with written terms of reference, comprising 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 monitor the structure, size and composition of the Board, to identify qualified individuals to become members of the Board, to assess the independence of the independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and CEO.

To comply with the New CG Code, a set of terms of reference of the Nomination Committee, currently made available on the Stock Exchange’s website and the Company’s website, was adopted by the Board on 27 March 2012 to supersede the previous one.

During the financial year ended 30 April 2012, the Nomination Committee considered the independence of the independent non-executive Directors and the re-election of Directors.

During the financial year ended 30 April 2012, the Nomination Committee held 1 meeting.

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

REMUNERATION COMMITTEE

The Company established a compensation committee (the “Compensation Committee”), with written terms of reference, comprising 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 make recommendations to the Board on the policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

CORPORATE GOVERNANCE REPORT

To comply with the newly introduced Rule 3.25 of the Listing Rules, the English name of the Compensation Committee has been changed to "Remuneration Committee" with effect from 27 March 2012. In addition, to comply with the New CG Code, a set of terms of reference of the Remuneration Committee, currently made available on the Stock Exchange's website and the Company's website, was adopted by the Board on 27 March 2012 to supersede the previous one.

During the financial year ended 30 April 2012, the Remuneration Committee reviewed the existing remuneration policy and structure for the Directors and senior management.

The model of the Remuneration Committee adopted by the Company is to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the financial year ended 30 April 2012, the Remuneration Committee held 1 meeting.

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

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

CORPORATE GOVERNANCE COMMITTEE

The Company established the CG Committee, with written terms of reference, on 27 March 2012. The CG Committee comprises three independent non-executive Directors, namely Mr. Huang Zhigang (as chairman), Mr. Hu Ji Rong and Mr. Zheng Baodong.

The functions of the CG Committee are to develop and review the Company's policies and practices on corporate governance to comply with the New CG Code and other legal or regulatory requirements and make recommendations to the Board, to oversee the Company's orientation program for new Director, to review and monitor the training and continuous professional development of Directors and senior management, to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

Terms of reference adopted by the CG Committee is aligned with the code provisions set out in the New CG Code, and is currently available on the Stock Exchange's website and the Company's website.

During the financial year ended 30 April 2012, the CG Committee did not hold any meeting.

AUDITORS' REMUNERATION

During the year under review, the remunerations paid/payable to the Company's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), and the former auditors, Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), are set out below:

	Fee paid/payable
	HK$'000
Services rendered by HLB	
Audit services	1,200
Non-audit services	–
	1,200
Services rendered by Crowe Horwath	
Audit services	354
Non-audit services	132
	486

COMPANY SECRETARY

Mr. Chan Ka Pong ("Mr. Chan") was appointed as the chief financial officer and the Company Secretary of the Company on 5 August 2011. The biographical details of Mr. Chan are set out on page 28 under the section headed "Profiles of Directors and Senior Executives".

According to the newly introduced Rule 3.29 of the Listing Rules, Mr. Chan will take no less than 15 hours of relevant professional training for the financial year commencing on 1 May 2012.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting. The Board may whenever it thinks fit call special general meetings.

CORPORATE GOVERNANCE REPORT

Shareholders to convene a special general meeting

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-Laws and the Companies Act of Bermuda. The procedures shareholders can use to convene a special general meeting are set out in the document entitled "Procedures for a Shareholder to Propose a Person for Election as a Director", which is currently available on the Company's website.

Putting enquiries by shareholders to the Board

To ensure effective communication between the Board and the shareholders and the investment community at large, the Company has adopted a set of shareholders communication policy (the "Policy") on 27 March 2012. Under the Policy, the Company's information shall be communicated to the shareholders and the investment community mainly through the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by shareholders at shareholders' meeting

The number of members necessary for a requisition for putting forward a proposal at a general meeting shall be:

(a) any number of members representing not less than one-twentieth of the total voting rights at the date of the requisition; or

(b) not less than one hundred members.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's principal place of business in Hong Kong in the case of:–

(i) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

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 except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. 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's website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial period which give a true and fair view of the state of affairs and of the results and cash flows of the Group for that period. In preparing the Company's consolidated financial statements for the year ended 30 April 2012, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

CORPORATE GOVERNANCE REPORT

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 is provided for management and publication purpose, and investment and business risks affecting the Group are identified and managed.

During the financial year ended 30 April 2012, 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 a year.

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

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTOR

Mr. Sun Shao Feng (孫少鋒), aged 47, is the Chairman, Chief Executive Officer and founder of the Group since its establishment. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He has many years of management experience in the agricultural industry. Prior to joining the Group in May 1998, he had worked for the government office of Fuzhou City (福州市委). He is also a committee member of the Chinese People's Political Consultative Conference of the Fujian Province Quanzhou City (中國人民政治協商會議泉州市委員會) and the vice-president of the Hui An County Association of Industry and Commerce (惠安縣工商業聯合會). Mr. Sun's accomplishment is widely recognized by the PRC government. In 2000, he was accredited with the top 10 young entrepreneurs as well as the Model Labour of Quanzhou City. In 2001, he was nominated by the Central Office of the Communist Youth Group (共青團中央辦公廳) as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人). In 2009, he was honorably awarded the "2009 Top 10 Outstanding Chinese Agricultural Economics Industry Entrepreneurs" (「2009中國農經產業十大優秀企業家」) during the "Third Session China Agricultural Economics Industry Development Forum" (「第三屆中國農經產業發展論壇」) (the "Forum") and the "2009 China Agricultural Economics Industry Elite Ceremony" (「二零零九中國農經產業杰出人物頒獎典禮」) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum. He graduated in July 2002 from Correspondence College of the Central School of the Communist Party of China (中共中央黨校函授學院) majoring in Economics and Management.

Mr. Nie Xing (聶星), aged 48, 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 Remuneration Committee and the Nomination Committee of the Company. He is an independent non-executive director of China Lilang Limited (stock code: 1234), a Hong Kong listed company.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Huang Zhigang (黃志剛), aged 49, is an independent non-executive Director of the Company. Mr. Huang graduated from the Fujian Normal University with a doctorate degree in Economics. He is currently the Dean of College of Management, the professor of Finance and the Ph.D. Professor of Finance Engineering Programme of Fuzhou University. He is also the vice-president of China Industrial Economy Research Association, the vice-president and the secretary of Fujian Province Audltescent Economic Development Association and the executive member of Fujian Securities Research Association. He has been an independent director of Fujian Nanan Rural Cooperative Bank since May 2007. Mr. Huang is also the chairman of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee of the Company.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Hu Ji Rong (胡繼榮), aged 56, 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 Remuneration Committee, the Nomination Committee and the CG Committee of the Company.

Mr. Zheng Baodong (鄭寶東), aged 45, 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 Remuneration Committee, the Nomination Committee and the CG Committee of the Company.

SENIOR EXECUTIVES

Mr. Chan Ka Pong (陳家邦), aged 32, is the Chief Financial Officer and Company Secretary of the Company since 5 August 2011. Before joining the Group, he worked at PricewaterhouseCoopers in a variety of positions during 2001 to 2011, ultimately reaching the position of Senior Manager. Mr. Chan obtained a bachelor's degree of Business Administration (Hons.) with a major in Professional Accountancy from the Chinese University of Hong Kong. Mr. Chan is a qualified accountant and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ng Yiu Fai (吳耀輝), aged 37, is the vice president of corporate finance of the Group since 5 August 2011. Mr. Ng earned a bachelor's degree of Business Administration (Hons.) with a major in Accounting from the Hong Kong University of Science and Technology. Prior to joining the Group, he worked at KPMG and several Hong Kong-listed companies serving in several positions during 1997 to 2011, culminating in the position of Assistant Financial Controller. Mr. Ng is a qualified accountant and is a member of the Hong Kong Institute of Certified Public Accountants.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Chen Qian (陳謙), aged 40, is the vice president of marketing of the Group. Mr. Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範高等專科學校) in 1992 and obtained a master degree from Renmin University of China (中國人民大學) in 2004. Prior to joining the Group, he served in various positions at a number of companies, including Officer, Section Chief, Head of Sub-division, Vice General Manager and Acting General Manager, and has over 10 years of working experience in sales management.

Mr. Lin Bing Wen (林炳文), aged 43, is the deputy general manager of cultivation division. He joined the Group in January 2001. Prior to joining the Group, Mr. Lin was the person-in-charge of cultivation bases for 5 years. He obtained his qualification as an assistant engineer from Quanzhou City personnel Department (泉州市人事局) in January 2002.

Ms. Chen Bing Ling (陳冰玲), aged 37, is the deputy general manager of cultivation division. Ms. Chen has been a member of the Group since August 1998 and had been mainly responsible for business development, sales and marketing activities of the Group. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996.

Mr. Chen Wen Zhong (陳文忠), aged 50, is the general manager of procurement center and a senior agriculturist. Since he started his career in 1985, he has been engaged in management of agricultural cultivation and development. He had been the sourcing director (principally in processing, plantation, sales and production) in the head office of Shanghai Doule (PRC) of the US DOLE Food Company. Mr. Chen has strong experience in the on-site management of agricultural cultivation and processing.

Mr. Zhang Wen Jun (張文軍), aged 39, is the general manager of frozen food business of our Group, mainly responsible for the overall management of our frozen food business. Mr. Zhang graduated from Xichuen University in 1997 and obtained a master degree in business administration from Xiamen University in 2006. Prior to joining the Group, Mr. Zhang held various positions at Haibawang (海霸王集團), Xiamen Hua Shun Food Group (廈門華順食品公司) and Fujian Kunxing Group (福建坤興集團), culminating in the position of deputy general manager. Mr. Zhang has strong experience in the frozen food business in China.

Ms. Bao Cai Qing (包彩琴), aged 36, is our deputy general manager. Ms. Bao joined our Group in October 2010, mainly responsible for production and operation management and customer service of our beverage business. Prior to joining our Group, she held various positions, including supervisor in operation control department, director in procurement department and manager in logistics department at Xiamen Huierkang Food Co., Ltd. (廈門惠爾康食品有限公司) from 1997 to 2010, and has been involved in the management of procurement, distribution, storage and logistics. Ms. Bao has over 15 years of management experience in the food and beverage industry. Ms. Bao graduated from Jiangxi Southeast Learning Institute (江西東南進修學院) with a diploma in business management in 1997.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Zhang Zhi Qin (張志勤), aged 48, is the general manager of food research and development center of the Group. He is a senior engineer and a bachelor of Food Engineering. He was a Committee Member of the Assessment Committee of Senior Positions of High Technology Officers of Xiamen and Committee Member of Technological Professional Committee of Fujian Food Industry Association. He has over 10 years of working experience in planning of food product development projects and in design, selection and implementation of production procedures. He is well versed in engineering technology and equipment engineering. He has issued a number of publications on his research and findings, including "Processing Technology of Fruits, Vegetables and Sugar Products", "Research and Production of Artificial Longan" and "Research and Production of Oolong Tea".

Ms. Liu Fang (劉方), aged 46, is the general manager of the Group's finance center. She obtained tertiary qualification of Industrial Enterprise Management in 1998, and received a bachelor degree in Accounting from the Renmin University of China (中國人民大學). She served as the head of finance department and holds the title of Accountant and in a number of enterprises before joining the Group in 2006, and holds the qualification for Hotel Finance Manager.

Mr. Chen Chang Gai (陳昌概), aged 32, is the assistant to Chief Executive Officer of our Group, mainly responsible for managing the Group's finance. Mr. Chen graduated from a self-learned course in accounting from Xiamen University in 1999 and obtained a bachelor's degree in accounting from Wuhan University of Technology e-learning college in 2006. Mr. Chen joined the Group in January 2001 and held various positions including accountant, finance manager, deputy chief financial officer of the Group. Prior to joining the Group, Mr. Chen worked as an accounting officer in Fuzhou Zhonghuang Medical Devices Co., Ltd. (福州中煌醫療器械有限公司) from 1999 to 2000, mainly responsible for managing the Company's accounts and tax filings. Mr. Chen has managing and finance experience for over 13 years.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders the annual report and audited financial statements of the Group for the financial year ended 30 April 2012.

PRINCIPAL ACTIVITIES

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

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

RESULTS AND APPROPRIATIONS

The results for the financial year ended 30 April 2012 are set out in the consolidated income statement on page 43.

The Board did not recommend the payment of a final dividend for the year ended 30 April 2012 (2011: HK$0.065 per share (approximately RMB0.054 per share)).

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 47. Details of movements in the reserves of the Company during the year are set out in note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES

The Company's contributed surplus in the amount of RMB294,402,000 is 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 and share premium account. As at 30 April 2012, the reserves of the Company was not available for distribution.

DIRECTORS' REPORT

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

The Company has repurchased part of the RMB1,350,000,000 US Dollar Settled 3.00% Guaranteed Convertible Bonds of the Company due 2013, which are listed on the Singapore Exchange Securities Trading Limited, with a face value of RMB61,800,000 on 1 September 2011. Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 30 April 2012.

DIRECTORS

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

Executive Directors

Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Nie Xing
Dr. Tang Kam Sun (resigned on 30 June 2011)

Independent Non-executive Directors

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

In accordance with bye-law no. 87(1) of the Bye-Laws, Mr. Nie Xing and Mr. Hu Ji Rong shall retire from office as Directors by rotation at the forthcoming annual general meeting of the Company (the "2012 AGM") and, being eligible, offer themselves for re-election.

INDEPENDENCE CONFIRMATION

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

DIRECTORS' SERVICE AGREEMENTS

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

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

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

Save as disclosed above, none of the Directors being proposed for re-election at the 2012 AGM has unexpired service agreement with the Company or its subsidiaries which is not determinable by the Group 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 27 to 30.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2012, the interest or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, are set out below:

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

Name of Director	Capacity	Long position/ short position	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Mr. Sun Shao Feng	Beneficial owner	Long position	8,400,000 (Note 1)	0.95%
	Interest of controlled corporation	Long position	407,274,000 (Note 2)	46.07%
		Total:	415,674,000	47.02%

Notes:

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

2. These 407,274,000 ordinary shares of the Company are held through Capital Mate Limited ("Capital Mate"), a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Sun Shao Feng.

DIRECTORS' REPORT

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

INTERESTS IN SHARE OPTIONS

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

Details of movement of the share options during the year ended 30 April 2012 under the Scheme are as follows:

Name or category of participants	Number of share options: Balance as at 1 May 2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 April 2012	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								
	3,777,000	–	–	(774,000)	3,003,000	3.50	19 April 2006	19 April 2007 to 11 Dec 2013#
	4,500,000	–	–	(4,500,000)	–	7.29	30 May 2007	30 May 2008 to 11 Dec 2013##
Sub-total	8,277,000	–	–	(5,274,000)	3,003,000			
Total	16,677,000	–	–	(5,274,000)	11,403,000			

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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the section headed "Interests in Share Options" above, at no time during the year was the Company, any of its subsidiaries, 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 2012, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

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

Name	Capacity	Nature	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Capital Mate (Note)	Beneficial owner	Long position	407,274,000	46.07%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long position	583,916	0.07%
	Beneficial owner	Short position	419,491	0.05%
	Investment manager	Long position	38,554,587	4.36%
	Person having a security interest in shares	Long position	22,859,985	2.59%
	Person having a security interest in shares	Short position	3,774,433	0.43%
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	Long position/ lending pool	59,487,300	6.73%
	Interest of controlled corporation	Short position	758,497	0.09%

DIRECTORS' REPORT

Note: Capital Mate, a company incorporated in the British Virgin Islands with limited liability, is wholly and beneficially owned by Mr. Sun Shao Feng. Hence, Mr. Sun is deemed to be interested in these 407,274,000 ordinary shares of the Company owned by Capital Mate.

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

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 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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2012, none of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with the Group'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 33 to the consolidated financial statements. Other than disclosed therein, there was no other connected transaction of the Group during the year ended 30 April 2012.

RETIREMENT SCHEME ARRANGEMENT

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

MANAGEMENT CONTRACTS

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

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

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

The aggregate percentage of turnover attributable to the Group's five largest customers was less than 30% of the Group's turnover.

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

PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company established the Audit Committee on 12 December 2003, which currently comprises three independent non-executive Directors, namely 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 2012, the Audit Committee held 3 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 2012.

SUBSEQUENT EVENTS

There is no significant event subsequent to the balance sheet date as at 30 April 2012.

AUDITORS

Following the merger of business of CCIF CPA Limited ("CCIF") with PCP CPA Limited, CCIF resigned as auditors of the Company and Crowe Horwath (HK) CPA Limited ("Crowe Horwath") was appointed as auditors of the Company to fill the vacancy, both with effect from 12 October 2010.

Crowe Horwath resigned as auditors of the Company on 25 May 2012. HLB Hodgson Impey Cheng Limited ("HLB") was appointed as the new auditors of the Company at the special general meeting of the Company held on 13 June 2012 to fill the vacancy arising from the resignation of Crowe Horwath and to hold office until the conclusion of the 2012 AGM.

Save as disclosed above, there were no other changes in auditors of the Company during the past three years.

DIRECTORS' REPORT

A resolution will be proposed at the 2012 AGM to re-appoint HLB as auditors of the Company.

On behalf of the Board

Sun Shao Feng
Chairman

Hong Kong, 27 July 2012

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
CHINA GREEN (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Green (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 123, which comprise the consolidated and company statements of financial position as at 30 April 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITY (continued)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2012, 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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 April 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 28 July 2011.

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

Hon Koon Fai Alex
Practising Certificate Number : P05029
Hong Kong, 27 July 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2012

	Notes	2012 RMB'000	2011 RMB'000
Turnover	4	**2,548,150**	2,234,620
Cost of sales		**(1,415,031)**	(1,115,267)
Gross profit		**1,133,119**	1,119,353
Other revenue	5	**17,712**	22,089
Gain on disposal of a subsidiary	30	**327**	–
Gain arising from changes in fair value less costs to sell of biological assets		**77,044**	66,529
Selling and distribution expenses		**(280,620)**	(290,888)
General and administrative expenses		**(162,806)**	(205,903)
Profit from operations		**784,776**	711,180
Finance costs	6(a)	**(88,030)**	(115,555)
Profit before taxation	6	**696,746**	595,625
Income tax	7	**(176,484)**	(136,823)
Profit for the year attributable to owners of the Company		**520,262**	458,802
Earnings per share	12		
– Basic		**RMB58.9 cents**	RMB51.9 cents
– Diluted		**RMB58.9 cents**	RMB51.6 cents

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2012

	2012	2011
	RMB'000	RMB'000
Profit for the year	**520,262**	458,802
Other comprehensive income for the year (after tax)		
Exchange differences on translation of financial statements of overseas subsidiaries	**(11,196)**	(47,784)
Total comprehensive income for the year attributable to owners of the Company	**509,066**	411,018

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15(a)	**1,920,034**	1,631,456
– Interests in leasehold land held for own use under operating leases	16	**223,197**	279,286
Long-term prepaid rentals	17	**986,595**	783,899
Deposits paid for acquisition of fixed assets	18	**275,600**	132,553
		3,405,426	2,827,194
Current assets			
Inventories	20	**47,085**	50,496
Biological assets	21	**121,163**	104,749
Current portion of long-term prepaid rentals	17	**40,018**	49,321
Trade and other receivables	22	**59,159**	58,870
Bank deposits with maturity over 3 months		**33,749**	64,731
Cash and cash equivalents	23	**1,683,456**	1,711,631
		1,984,630	2,039,798
Current liabilities			
Due to a director	24	**8,148**	8,373
Trade and other payables	25	**130,654**	101,857
Income tax payable	26(a)	**30,110**	25,498
Convertible Bonds	27	**1,313,528**	–
		1,482,440	135,728
Net current assets		**502,190**	1,904,070
Total assets less current liabilities		**3,907,616**	4,731,264
Non-current liabilities			
Convertible Bonds	27	**–**	1,315,293
Deferred tax liabilities	26(b)	**76,090**	67,153
		76,090	1,382,446
Net assets		**3,831,526**	3,348,818
Capital and reserves	28		
Share capital		**92,236**	92,236
Reserves		**3,739,290**	3,256,582
Total equity attributable to owners of the Company		**3,831,526**	3,348,818

Approved and authorised for issue by the board of directors on 27 July 2012.

Sun Shao Feng
Director

Nie Xing
Director

The accompany notes form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 30 April 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15(b)	**579**	175
Investment in subsidiaries	19	**227,389**	233,685
		227,968	233,860
Current assets			
Trade and other receivables	22	**1,802,501**	1,858,663
Bank deposits with maturity over 3 months		**33,749**	64,731
Cash and cash equivalents	23	**23,025**	123,485
		1,859,275	2,046,879
Current liabilities			
Due to a director	24	**8,148**	8,373
Trade and other payables	25	**1,280**	1,757
Convertible Bonds	27	**1,313,528**	–
		1,322,956	10,130
Net current assets		**536,319**	2,036,749
Total assets less current liabilities		**764,287**	2,270,609
Non-current liabilities			
Convertible Bonds	27	**–**	1,315,293
Deferred tax liabilities	26(b)	**5,214**	11,082
		5,214	1,326,375
Net assets		**759,073**	944,234
Capital and reserves	28		
Share capital		**92,236**	92,236
Reserves		**666,837**	851,998
Total equity attributable to owners of the Company		**759,073**	944,234

Approved and authorised for issue by the board of directors on 27 July 2012.

Sun Shao Feng	**Nie Xing**
Director	Director

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2012

		Attributable to owners of the Company								
	Notes	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Merger reserve RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 May 2010		92,236	702,532	156,713	14,694	52,908	138,174	(62,311)	1,975,478	3,070,424
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	–	(47,784)	–	(47,784)
Profit for the year		–	–	–	–	–	–	–	458,802	458,802
Total comprehensive income for the year		–	–	–	–	–	–	(47,784)	458,802	411,018
Profit appropriation to PRC statutory reserve		–	–	36,058	–	–	–	–	(36,058)	–
Transfer to retained profits upon lapse of share options		–	–	–	–	(18,698)	–	–	18,698	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(68,289)	(68,289)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	–	(68,043)	(68,043)
Effect of early redemption of convertible bonds		–	–	–	–	–	(39,080)	–	42,788	3,708
Transfer to retained profits upon the maturity redemption of convertible bonds		–	–	–	–	–	(50,774)	–	50,774	–
As at 30 April 2011 and 1 May 2011		92,236	702,532	192,771	14,694	34,210	48,320	(110,095)	2,374,150	3,348,818
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	–	(11,196)	–	(11,196)
Profit for the year		–	–	–	–	–	–	–	520,262	520,262
Total comprehensive income for the year		–	–	–	–	–	–	(11,196)	520,262	509,066
Profit appropriation to PRC statutory reserve		–	–	12,419	–	–	–	–	(12,419)	–
Transfer to retained profits upon lapse of share options		–	–	–	–	(8,624)	–	–	8,624	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	–	(48,010)	(48,010)
Effect of early redemption of Convertible Bonds		–	–	–	–	–	(2,212)	–	23,864	21,652
As at 30 April 2012		**92,236**	**702,532**	**205,190**	**14,694**	**25,586**	**46,108**	**(121,291)**	**2,866,471**	**3,831,526**

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2012

	Notes	2012 RMB'000	2012 RMB'000	2011 RMB'000	2011 RMB'000
Operating activities					
Cash generated from operations	23(b)	**1,113,575**		937,049	
PRC enterprise income tax paid		**(162,935)**		(119,321)	
Net cash generated from operating activities			**950,640**		817,728
Investing activities					
Payments for purchase of fixed assets		**(682,430)**		(872,656)	
Payments of long-term prepaid rentals		**(288,645)**		(1,825)	
Refund of long-term prepaid rentals		**52,150**		–	
Proceeds from disposal of a subsidiary, net of cash disposed		**28,583**		–	
Decrease in bank deposits with maturity over 3 months		**30,982**		615,312	
Interest received		**19,601**		21,854	
Net cash used in investing activities			**(839,759)**		(237,315)
Financing activities					
Payments for redemption of Convertible Bonds		**(41,216)**		(987,860)	
Interest paid		**(38,646)**		(40,500)	
Dividend paid		**(48,010)**		(136,332)	
Net cash used in financing activities			**(127,872)**		(1,164,692)
Net decrease in cash and cash equivalents			**(16,991)**		(584,279)
Cash and cash equivalents at 1 May			**1,711,631**		2,326,516
Effect of foreign exchange rate changes			**(11,184)**		(30,606)
Cash and cash equivalents at 30 April	23(a)		**1,683,456**		1,711,631

The accompany notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

1. GENERAL INFORMATION

China Green (Holdings) Limited (the “Company”) was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Rooms 4120-24, 41/F Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, respectively.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2012 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that biological assets are measured at their fair value less costs to sell.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

(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. Intragroup 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries (continued)

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

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

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

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

(d) Property, plant and equipment

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

– buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 2(e)); and

– other items of plant and equipment.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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

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

Buildings	$3^1/_3$%-6% p.a. or over the term of the lease if shorter
Infrastructure on cultivation bases	5%-20% p.a.
Leasehold improvement	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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (continued)

(ii) Operating lease charges

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

The cost of acquiring land held under an operating lease and long-term prepaid rental are amortised on a straight-line basis over the period of the lease term.

(f) Impairment of assets

(i) Impairment of financial assets

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

– significant financial difficulty of the debtor;

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

– 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of assets (continued)

(i) Impairment of financial assets (continued)

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 recognized 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.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– Property, plant and equipment;

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

– Long-term prepaid rentals;

– Deposits paid for acquisition of fixed assets; and

– Investments in subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

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

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

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

(i) Biological assets

Biological assets are the growing crops of the Group on the cultivation bases. Biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The fair value of biological assets is determined based on the current market price with reference to the species, growing condition, cost incurred and expected yield of the crops.

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

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

(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 note 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 recognized as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Embedded derivatives

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

(m) Trade and other payables

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

(n) Cash and cash equivalents

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

(o) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(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 recognized 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).

(p) Income tax

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

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.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

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.

(q) Provisions and contingent liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition

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

(i) Sale of goods

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

(ii) Interest income

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

(s) Translation of foreign currencies

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Borrowing costs

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

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

(u) Research and development costs

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Research and development costs (continued)

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

(v) Related parties

(a) A person, or closed member of that person's family, is related to the Group if that person:

(i) has control or joint control over, the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Segment reporting

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA which are effective for the Group's financial period beginning 1 May 2011. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment was required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Standards – Government Loans[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Dates of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of financial Statements – Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Income Taxes – Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9, issued in 2009, introduces new requirements for the classification and measurement of financial assets. HKFRS 9, amended in 2010, includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These three standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The amendments to HKAS 32 address inconsistencies in current practice when applying the offsetting criteria and clarify:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's results of operations and financial position.

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:

	2012 **RMB'000**	2011 RMB'000
Fresh produce and processed products	**1,200,291**	1,270,184
Branded beverage products	**1,058,486**	738,456
Branded food products and others	**289,373**	225,980
	2,548,150	2,234,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. OTHER REVENUE

	2012 RMB'000	2011 RMB'000
Interest income on financial assets not at fair value through profit or loss		
– interest income from banks	**16,279**	17,446
Other trading income	**777**	4,288
Sundry income	**656**	355
	17,712	22,089

6. PROFIT BEFORE TAXATION

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

	2012 RMB'000	2011 RMB'000
(a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible bonds	**98,631**	121,927
Less: interest expense capitalised into construction-in-progress*	**(10,601)**	(6,372)
	88,030	115,555

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

	2012 RMB'000	2011 RMB'000
(b) Staff costs		
Contributions to defined contribution retirement plans	**11,073**	9,359
Salaries, wages and other benefits	**193,348**	194,224
	204,421	203,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. PROFIT BEFORE TAXATION (continued)

	2012 RMB'000	2011 RMB'000
(c) Other items		
Amortisation of land lease premium (note 16)	**7,136**	5,375
Amortisation of long-term prepaid rentals (note 17)	**52,317**	52,357
Depreciation of property, plant and equipment (note 15(a))	**218,395**	131,862
Impairment loss on property, plant and equipment (note 15(a))	**–**	12,507
Operating lease charges: minimum lease payments – property rentals	**4,628**	6,106
Research and development expenses	**44,585**	36,179
Auditors' remuneration – audit services	**983**	1,416
Cost of inventories sold	**1,415,031**	1,115,267
Net foreign exchange (gain)/loss	**(2,779)**	53,522
Loss on disposal of property, plant and equipment	**1,963**	203
Loss on redemption of convertible bonds	**1,110**	2,091

7. INCOME TAX

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

	2012 RMB'000	2011 RMB'000
Current tax – Enterprise Income Tax in the PRC		
Provision for the year (note 26(a))	**167,547**	123,561
Deferred tax		
Origination and reversal of temporary differences (note 26(a))	**8,937**	13,262
	176,484	136,823

7. INCOME TAX (continued)

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

(i) PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 25% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC.

In accordance with the relevant PRC tax rules and regulations, certain of the Company's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two consecutive years from their first profit making year, and are entitled to a 50% relief on the PRC Enterprise Income Tax for the following three years ("Tax Holidays"). Pursuant to the transitional arrangement under the new tax law passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007 which took effect on 1 January 2008 (the "New Tax Law"), certain PRC subsidiaries will continue to enjoy the tax-exemption or 50% relief on the applicable PRC Enterprise Income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted, and thereafter they are subject to a unified rate of 25%. For those enterprises whose Tax Holidays had not commenced prior to 1 January 2008 due to lack of taxable profit before then, such preferential tax treatment commenced from 1 January 2008.

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2012 and 2011 has been made as the Group has no estimated assessable profits arising in Hong Kong for both years.

(iii) Other Income Tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. INCOME TAX (continued)

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

	2012 RMB'000	2012 %	2011 RMB'000	2011 %
Profit before taxation	**696,746**		595,625	
Notional tax on profit before taxation, calculated at rates applicable to profits in the countries concerned	**168,747**	**24.2**	164,103	27.6
Tax effect of operating loss of Group companies not subject to income tax	**23,438**	**3.4**	29,648	5.0
Tax effect of non-taxable income	**(12,026)**	**(1.7)**	(12,925)	(2.2)
Tax effect of profit exempted from income tax as a result of tax benefit	**(49,696)**	**(7.1)**	(77,754)	(13.1)
Withholding tax on profits distributable by the PRC subsidiaries	**14,833**	**2.1**	17,048	2.9
Tax effect of unused tax losses not recognised	**10,040**	**1.4**	7,511	1.3
Tax effect of non-deductible expenses	**21,148**	**3.0**	9,192	1.5
Taxation charge	**176,484**	**25.3**	136,823	23.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2012				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Sun Shao Feng	–	1,903	8	90	2,001
Nie Xing	–	880	4	145	1,029
Tang Kam Sun (appointed on 4 January 2011 and resigned on 30 June 2011)	–	152	–	–	152
Independent non-executive directors					
Hu Ji Rong	33	–	–	8	41
Zheng Baodong	33	–	–	4	37
Huang Zhigang	33	–	–	4	37
	99	2,935	12	251	3,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2011				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Sun Shao Feng	–	1,183	3	1,750	2,936
Kung Sze Wai (resigned on 4 January 2011)	–	235	8	–	243
Nie Xing	–	743	1	1,587	2,331
Ip Siu Kay (resigned on 21 April 2011)	–	550	10	901	1,461
Tang Kam Sun (appointed on 4 January 2011 and resigned on 30 June 2011)	–	319	2	–	321
Independent non-executive directors					
Hu Ji Rong	35	–	–	6	41
Zheng Baodong	39	–	–	8	47
Huang Zhigang	36	–	–	6	42
	110	3,030	24	4,258	7,422

No directors of the Company had waived any emoluments and no emoluments was paid or payable by the Group to any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2012 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2011: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2011: two) individuals are as follows:

	2012 **RMB'000**	2011 RMB'000
Salaries and other emoluments	**2,178**	1,275
Discretionary bonuses	**129**	901
Retirement scheme contributions	**31**	9
	2,338	2,185

The emoluments of the three (2011: two) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2012 **RMB'000**	2011 RMB'000
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-832,000	**3**	1
1,000,001-1,500,000	832,001-1,248,000	**–**	1
		3	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of approximately RMB136,003,000 (2011: RMB197,612,000) which has been dealt with in the financial statements of the Company.

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

	2012	2011
	RMB'000	RMB'000
Amount of consolidated loss attributable to owners dealt with in the Company's financial statements	**(136,003)**	(197,612)
Interim dividends from subsidiaries attributable to the profits of the current financial year, approved during the year	**–**	140,000
Company's loss for the year (note 28(a))	**(136,003)**	(57,612)

11. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	2012	2011
	RMB'000	RMB'000
2011 interim dividend declared and paid of HK$0.090 (equivalent to approximately RMB0.077) per ordinary share	**–**	68,043
2011 final dividend proposed of HK$0.065 (equivalent to approximately RMB0.054) per ordinary share	**–**	48,010
	–	116,053

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. DIVIDENDS (continued)

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

	2012 RMB'000	2011 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.065 (2011: HK$0.090) per ordinary share	**48,010**	68,289

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB520,262,000 (2011: RMB458,802,000) and the weighted average number of 884,035,540 ordinary shares (2011: 884,035,540 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the adjusted profit attributable to owners of the Company of approximately RMB520,262,000 (2011: RMB458,802,000) and the weighted average number of 884,035,540 ordinary shares (2011: 888,865,384 ordinary shares), calculated as follows:

(i) Profit attributable to owners of the Company (diluted)

	2012 RMB'000	2011 RMB'000
Profit attributable to owners of the Company used to determine diluted earnings per share	**520,262**	458,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. EARNINGS PER SHARE

(b) Diluted earnings per share (continued)

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

	2012 Number of ordinary shares	2011 Number of ordinary shares
Weighted average number of ordinary shares for calculation of basic earnings per share	**884,035,540**	884,035,540
Effect of deemed issue of shares under the Company's share option scheme	**–**	4,829,844
Weighted average number of ordinary shares for calculation of diluted earnings per share	**884,035,540**	888,865,384

Diluted earnings per share for the year ended 30 April 2012 was the same as the basic earnings per share. The Company's outstanding share options were not included in the calculation of diluted earnings per share because the effect of the Company's outstanding share options was anti-dilutive.

During the year ended 30 April 2012 and 2011, the Company's outstanding convertible bonds was not included in the calculation of the diluted earnings per share because the effect of the Company's outstanding convertible bonds was auti-dilutive.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

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 2012, the Group's retirement plan contributions amounted to approximately RMB11,073,000 (2011: RMB9,359,000).

14. SEGMENT REPORTING

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

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

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

- Branded food products and others: this segment processes and sells branded food products. Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. SEGMENT REPORTING (continued)

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 April 2012 and 2011 is set out below.

	Fresh produce and processed products		Branded beverage products		Branded food products and others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**1,200,291**	1,270,184	**1,058,486**	738,456	**289,373**	225,980	**2,548,150**	2,234,620
Inter-segment revenue	**6,725**	2,950	**–**	–	**–**	–	**6,725**	2,950
Reportable segment revenue	**1,207,016**	1,273,134	**1,058,486**	738,456	**289,373**	225,980	**2,554,875**	2,237,570
Reportable segment profit	**475,839**	532,082	**285,496**	215,864	**75,696**	57,570	**837,031**	805,516
Interest income	**12,957**	3,793	**1,262**	942	**419**	218	**14,638**	4,953
Depreciation and amortization	**195,262**	132,340	**42,062**	23,038	**21,085**	15,092	**258,409**	170,470
Impairment loss on property, plant and equipment	**–**	–	**–**	–	**–**	12,507	**–**	12,507
Income tax	**72,610**	72,501	**72,506**	51,862	**22,170**	16,246	**167,286**	140,609
Reportable segment assets	**3,687,225**	3,050,041	**1,076,549**	844,231	**243,976**	226,935	**5,007,750**	4,121,207
Additions to non-current assets during the year	**624,490**	434,587	**192,647**	432,420	**10**	47	**817,147**	867,054
Reportable segment liabilities	**29,889**	33,713	**95,308**	61,528	**3,468**	3,898	**128,665**	99,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. SEGMENT REPORTING (continued)

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

	2012 RMB'000	2011 RMB'000
Revenue		
Reportable segment revenue	**2,554,875**	2,237,570
Elimination of inter-segment revenue	**(6,725)**	(2,950)
Consolidated turnover	**2,548,150**	2,234,620
Profit or loss		
Reportable segment profit derived from Group's external customers	**837,031**	805,516
Finance costs	**(88,030)**	(115,555)
Finance income	**1,641**	12,493
Gain on disposal of a subsidiary	**327**	–
Other revenue	**1,433**	4,643
Unallocated depreciation and amortisation	**(19,439)**	(19,124)
Unallocated head office and corporate expenses	**(35,107)**	(90,257)
Loss on redemption of convertible bonds	**(1,110)**	(2,091)
Consolidated profit before taxation	**696,746**	595,625

	2012 RMB'000	2011 RMB'000
Assets		
Reportable segment assets	**5,007,750**	4,121,207
Unallocated head office and corporate assets:		
– Fixed assets	**229,112**	308,082
– Bank deposit with maturity over 3 months	**33,749**	64,731
– Cash and cash equivalents	**108,206**	364,919
– Other assets	**11,239**	8,053
Consolidated total assets	**5,390,056**	4,866,992

14. SEGMENT REPORTING (continued)

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

	2012 RMB'000	2011 RMB'000
Liabilities		
Reportable segment liabilities	**128,665**	99,139
Convertible Bonds	**1,313,528**	1,315,293
Income tax payable	**30,110**	25,498
Deferred tax liabilities	**76,090**	67,153
Unallocated head office and corporate liabilities	**10,137**	11,091
Consolidated total liabilities	**1,558,530**	1,518,174

(c) Geographical information

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

	Revenue from external customers		Specified non-current assets	
	2012 RMB'000	2011 RMB'000	**2012 RMB'000**	2011 RMB'000
The PRC (place of domicile)				
– Sales to import/export companies in the PRC	**822,597**	844,771		
– Sales to other customers in the PRC	**1,725,553**	1,389,849		
	2,548,150	2,234,620	**3,405,426**	2,827,194

(d) Information about major customers

For the year ended 30 April 2012, the Group's revenue included sales to the Group's three most significant customers amounting to approximately RMB223,000,000 (2011: RMB300,190,000), RMB161,171,000 (2011: RMB279,056,000) and RMB125,546,000 (2011: RMB260,506,000) respectively, which are generated from the sales of fresh produce and processed products. No other single customers contributed 10% or more to the Group's revenue for the years ended 30 April 2012 and 2011.

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15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings RMB'000 (Note i)	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 (Note ii)	Total RMB'000
Cost:								
At 1 May 2010	271,997	424,886	80,315	387,116	25,808	4,075	167,354	1,361,551
Exchange realignment	–	–	–	–	(32)	–	–	(32)
Additions	206	132,507	–	203,034	4,367	334	395,761	736,209
Transfer	233,730	33,620	–	92,218	–	–	(359,568)	–
Disposals	–	–	–	(2,590)	(409)	(60)	–	(3,059)
At 30 April 2011 and 1 May 2011	505,933	591,013	80,315	679,778	29,734	4,349	203,547	2,094,669
Exchange realignment	–	–	–	–	(16)	–	–	(16)
Additions	9,004	210,783	–	149,992	1,794	5,816	131,561	508,950
Transfer	46,677	–	–	98,639	–	–	(145,316)	–
Disposals	(1,375)	(20,466)	(142)	(518)	(2,396)	–	–	(24,897)
Disposal of a subsidiary	–	–	–	–	–	–	(10)	(10)
At 30 April 2012	560,239	781,330	80,173	927,891	29,116	10,165	189,782	2,578,696
Accumulated depreciation and impairment loss:								
At 1 May 2010	38,142	166,802	12,784	91,967	9,891	2,134	–	321,720
Exchange realignment	–	–	–	–	(20)	–	–	(20)
Charge for the year	15,017	58,564	7,641	46,667	3,435	538	–	131,862
Impairment loss	–	–	–	12,507	–	–	–	12,507
Written back on disposals	–	–	–	(2,430)	(366)	(60)	–	(2,856)
At 30 April 2011 and 1 May 2011	53,159	225,366	20,425	148,711	12,940	2,612	–	463,213
Exchange realignment	–	–	–	–	(12)	–	–	(12)
Charge for the year	27,303	103,666	8,030	74,679	3,411	1,306	–	218,395
Written back on disposals	(560)	(19,432)	(142)	(518)	(2,282)	–	–	(22,934)
At 30 April 2012	79,902	309,600	28,313	222,872	14,057	3,918	–	658,662
Carrying amount:								
At 30 April 2012	**480,337**	**471,730**	**51,860**	**705,019**	**15,059**	**6,247**	**189,782**	**1,920,034**
At 30 April 2011	452,774	365,647	59,890	531,067	16,794	1,737	203,547	1,631,456

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:

	2012 **RMB'000**	2011 RMB'000
Construction cost of building structure	**160,928**	116,074
Cost of machinery pending installation	**28,854**	87,473
	189,782	203,547

(b) The Company

	Furniture, fixtures and office equipment RMB'000
Cost:	
At 1 May 2010	630
Exchange realignment	(32)
Additions	5
At 30 April 2011 and 1 May 2011	603
Exchange realignment	(16)
Additions	621
Disposals	(500)
At 30 April 2012	708
Accumulated depreciation:	
At 1 May 2010	351
Exchange realignment	(20)
Charge for the year	97
At 30 April 2011 and 1 May 2011	428
Exchange realignment	(12)
Charge for the year	115
Written back on disposals	(402)
At 30 April 2012	129
Carrying amount:	
At 30 April 2012	**579**
At 30 April 2011	175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

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

The Group

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 May	**299,064**	238,812
Additions	**14,552**	60,252
Disposal of a subsidiary	**(59,348)**	–
At 30 April	**254,268**	299,064
Accumulated amortisation:		
At 1 May	**19,778**	14,403
Amortisation for the year (note 6(c))	**7,136**	5,375
Disposal of a subsidiary	**(989)**	–
At 30 April	**25,925**	19,778
Carrying amount:		
At 30 April	**228,343**	279,286

As at 30 April 2012, the non-current portion of interests in leasehold land held for own use under operating leases is approximately RMB223,197,000 (2011: RMB279,286,000).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

17. LONG-TERM PREPAID RENTALS

The Group

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

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 May	**1,128,962**	1,127,137
Additions	**288,645**	1,825
Disposal	**(56,000)**	–
At 30 April	**1,361,607**	1,128,962
Accumulated amortisation:		
At 1 May	**295,742**	243,385
Amortisation for the year (note 6(c))	**52,317**	52,357
Written back on disposal	**(13,065)**	–
At 30 April	**334,994**	295,742
Carrying amount:		
At 30 April	**1,026,613**	833,220

Analysis of long-term prepaid rentals is as follows:

	2012 RMB'000	2011 RMB'000
Non-current portion	**986,595**	783,899
Current portion	**40,018**	49,321
Carrying amount at 30 April	**1,026,613**	833,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

18. DEPOSITS PAID FOR ACQUISITION OF FIXED ASSETS

The Group

	2012 RMB'000	2011 RMB'000
Deposits paid for acquisition of interests in leasehold land held for own use under operating lease	–	10,320
Deposits paid for acquisition of property, plant and equipment	**275,600**	122,233
	275,600	132,553

19. INVESTMENTS IN SUBSIDIARIES

The Company

	2012 RMB'000	2011 RMB'000
Unlisted shares, at cost		
At 1 May	**233,685**	246,062
Additions	–	324
Exchange realignment	**(6,296)**	(12,701)
At 30 April	**227,389**	233,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

19. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
China Green (Jiangxi) Food Science Technique Limited (Note (i))	The PRC	HK$40,000,000	100%	–	100%	Sales of agricultural products
China Green (Fujian) Food Import & Export Co. Limited (Note (ii))	The PRC	HK$11,680,000	100%	–	100%	Trading of agricultural products
China Green Resources (Xiamen) Sales Company Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Sales of beverage products
China Green Harvest (Xiamen) Frozen Food Company Limited (Note (i))	The PRC	US$8,000,000	100%	–	100%	Trading of agricultural and frozen products
Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited (Note (ii))	The PRC	RMB68,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Fujian) Food Industry Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Hebei) Food Development Limited (Note (ii))	The PRC	US$1,446,000	100%	–	100%	Growing, processing and sales of agricultural products
Zhonglu (Hubei) Food Development Limited (Note (ii))	The PRC	RMB10,000,000	100%	–	100%	Growing, processing and sales of agricultural products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

19. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Zhonglu (Quanzhou) Green Foods Development Co., Ltd. (Note (ii))	The PRC	HK$105,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Shanghai) Industry Investment Limited (Note (i))	The PRC	US$10,000,000	100%	–	100%	Investment holding
Zhonglu (Hubei) Industry Development Limited (Note (i))	The PRC	HK$200,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Fengxin Zhonglu Biyun Organic Rise Science Technology Limited (Note (iii))	The PRC	RMB20,040,080	100%	–	100%	Growing, processing and sales of agricultural products
Hubei Eco-sky Agricultural Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Growing, processing and sales of agricultural products

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 enterprises with foreign investment.

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

(iv) The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

20. INVENTORIES

The Group

Inventories represent the following:

	Notes	2012 RMB'000	2011 RMB'000
Raw materials	(i)	**17,309**	10,643
Agricultural materials	(ii)	**157**	2,372
Consumable and packing materials	(iii)	**8,671**	9,431
Work-in-progress	(iv)	**6,711**	16,822
Finished goods		**14,237**	11,228
		47,085	50,496

Notes:

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

(ii) Agricultural materials include seeds, fertilisers, pesticides and processing materials not yet consumed as at the end of the reporting period.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

21. BIOLOGICAL ASSETS

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

	2012 **RMB'000**	2011 RMB'000
At 1 May	**104,749**	67,068
Gain arising from changes in fair value less costs to sell	**393,544**	371,876
Increase due to plantation	**272,596**	256,951
Decrease due to harvest	**(649,726)**	(591,146)
At 30 April	**121,163**	104,749

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

	2012 **RMB'000**	2011 RMB'000
Vegetables	**108,547**	85,960
Fruit	**12,616**	18,789
	121,163	104,749

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

	2012 **RMB'000**	2011 RMB'000
At fair value less costs to sell	**121,163**	104,749

Vegetables and fruit were stated at fair value less costs to sell as at 30 April 2012 and 2011. The fair value was determined based on the market price of respective matured produce in the local market adjusted with reference to the cultivation areas, growing conditions, cost incurred and to be incurred and expected yield of the crops.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

21. BIOLOGICAL ASSETS (continued)

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

	2012		2011	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable and rice	**345,239**	**632,110**	365,160	546,285
Fruit	**9,093**	**17,616**	22,830	44,861
	345,332	**649,726**	387,990	591,146

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	**2012 RMB'000**	2011 RMB'000
Amounts due from subsidiaries	**–**	–	**1,795,965**	1,858,210
Trade receivables	**27,892**	27,334	**–**	–
Interest receivable	**–**	3,322	**–**	32
Other receivables	**4,667**	2,194	**–**	1
Loans and receivables	**32,559**	32,850	**1,795,965**	1,858,243
Rental and other deposits	**452**	553	**408**	420
Prepayments	**16,161**	3,499	**6,128**	–
Value added tax recoverable	**9,987**	21,968	**–**	–
	59,159	58,870	**1,802,501**	1,858,663

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

22. TRADE AND OTHER RECEIVABLES (continued)

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

	The Group	
	2012	2011
	RMB'000	RMB'000
Within 1 month	**27,892**	27,334

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

(b) **Trade receivables that are not impaired**

Trade receivables are neither individually nor collectively considered to be impaired as all the trade receivables are aged within 30 days.

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

23. CASH AND CASH EQUIVALENTS

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

The Group

	2012	2011
	RMB'000	RMB'000
Cash at bank	**1,683,136**	1,710,824
Cash on hand	**320**	807
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**1,683,456**	1,711,631

The Company

	2012	2011
	RMB'000	RMB'000
Cash at bank	**23,025**	123,485
Cash and cash equivalents in the statement of financial position	**23,025**	123,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

23. CASH AND CASH EQUIVALENTS (continued)

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

	The Group	
	2012	2011
	RMB'000	RMB'000
Profit before taxation	**696,746**	595,625
Adjustments for:		
Amortisation of land lease premium	**7,136**	5,375
Amortisation of long-term prepaid rentals	**52,317**	52,357
Depreciation of property, plant and equipment	**218,395**	131,862
Loss on disposal of property, plant and equipment	**1,963**	203
Gain on refund of long-term prepaid rentals	**(9,215)**	–
Impairment loss on property, plant and equipment	**–**	12,507
Gain on disposal of a subsidiary	**(327)**	–
Gain on changes in fair value less costs to sell of biological assets	**(77,044)**	(66,529)
Interest income	**(16,279)**	(17,446)
Interest expenses	**88,030**	115,555
Loss on redemption of convertible bonds	**1,110**	2,091
Foreign exchange loss	**–**	68,997
	962,832	900,597
Changes in working capital:		
Decrease / (increase) in inventories	**3,411**	(29,864)
Decrease in biological assets	**60,630**	28,849
Decrease / (increase) in trade and other receivables	**31,648**	(18,683)
(Decrease) / increase in amount due to a director	**(225)**	5,885
Increase in trade and other payables	**55,279**	50,265
Cash generated from operations	**1,113,575**	937,049

24. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amount due to a subsidiary	**–**	–	**301**	309
Trade payables	**44,284**	26,940	**–**	–
Accrued salaries and wages	**14,276**	12,877	**–**	75
Payable for acquisition of fixed assets	**1,944**	28,426	**–**	–
Other accruals and payables	**27,236**	9,211	**979**	1,373
Financial liabilities measured at amortised cost	**87,740**	77,454	**1,280**	1,757
Receipts in advance	**21,457**	10,012	**–**	–
Other taxes payable	**21,457**	14,391	**–**	–
	130,654	101,857	**1,280**	1,757

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

	The Group	
	2012	2011
	RMB'000	RMB'000
Within 1 month	**39,234**	20,165
Over 1 month but within 3 months	**5,050**	6,775
	44,284	26,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	The Group	
	2012	2011
	RMB'000	RMB'000
At 1 May	**25,498**	21,258
Provision for the PRC Enterprise Income Tax for the year (note 7(a))	**167,547**	123,561
Tax paid during the year	**(162,935)**	(119,321)
At 30 April	**30,110**	25,498

(b) Deferred tax liabilities recognised

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

	Undistributed profits of foreign controlled entities	**Convertible bonds**	**Total**
	RMB'000	RMB'000	RMB'000
Deferred tax arising from:			
At 1 May 2010	39,023	14,868	53,891
Charged/(credited) to profit or loss (note 7(a))	17,048	(3,786)	13,262
At 30 April 2011 and 1 May 2011	56,071	11,082	67,153
Charged/(credited) to profit or loss (note 7(a))	14,805	(5,868)	8,937
At 30 April 2012	70,876	5,214	76,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

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

(b) Deferred tax liabilities recognised (continued)

	The Company
	RMB'000
Deferred tax arising from equity component of convertible bonds:	
At 1 May 2010	14,868
Credited to profit or loss	(3,786)
At 30 April 2011 and 1 May 2011	11,082
Credited to profit or loss	(5,868)
At 30 April 2012	5,214

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

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

As at 30 April 2012, deferred tax liabilities of approximately RMB70,876,000 (2011: RMB56,071,000) 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 RMB193,078,000 (2011: RMB140,587,000) have not been recognised in respect of undistributed profits of the Company's PRC subsidiaries, 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 these subsidiaries for the year from 1 January 2008 to 30 April 2012 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2012.

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB42,550,000 (2011: RMB141,877,000) as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under the current tax legislation.

27. CONVERTIBLE BONDS

The Group and the Company

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

27. CONVERTIBLE BONDS (continued)

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

For the year ended 30 April 2012, the Company repurchased Convertible Bonds with principal amount of RMB61,800,000 at approximately RMB41,216,000, and a loss of approximately RMB1,110,000 from the repurchase was recognised in profit or loss. Immediately after the repurchase, the Convertible Bonds with principal amount of RMB1,288,200,000 remained outstanding.

	RMB'000
At 12 April 2010	1,253,766
Interest expenses charged	102,027
Interest expenses paid	(40,500)
Liability component at 30 April 2011 and 1 May 2011	1,315,293
Early redemption of Convertible Bonds	(61,750)
Interest expenses charged	98,631
Interest expenses paid	(38,646)
Liability component at 30 April 2012	1,313,528

Since the date of issue up to 30 April 2012, no Convertible Bonds has been converted into the Company's ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

28. CAPITAL AND RESERVES

(a) Movements in components of equity

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

	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Retained profits/ (accumulated loss) RMB'000	Total RMB'000
At 1 May 2010		92,236	702,532	294,402	52,908	138,174	(156,164)	103,962	1,228,050
Exchange difference on translation of financial statements of overseas subsidiaries		–	–	–	–	–	(93,580)	–	(93,580)
Loss for the year		–	–	–	–	–	–	(57,612)	(57,612)
Total comprehensive loss for the year		–	–	–	–	–	(93,580)	(57,612)	(151,192)
Transfer to retained profits upon lapse of share options		–	–	–	(18,698)	–	–	18,698	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	(68,289)	(68,289)
Dividends declared in respect of the current year	11(a)	–	–	–	–	–	–	(68,043)	(68,043)
Effect of early redemption of convertible bonds		–	–	–	–	(39,080)	–	42,788	3,708
Transfer to retained profits upon the maturity redemption of convertible bonds		–	–	–	–	(50,774)	–	50,774	–
At 30 April 2011 and 1 May 2011		92,236	702,532	294,402	34,210	48,320	(249,744)	22,278	944,234
Exchange difference on translation of financial statements of overseas subsidiaries		–	–	–	–	–	(22,800)	–	(22,800)
Loss for the year		–	–	–	–	–	–	(136,003)	(136,003)
Total comprehensive loss for the year		–	–	–	–	–	(22,800)	(136,003)	(158,803)
Transfer to retained profits upon lapse of share options		–	–	–	(8,624)	–	–	8,624	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	(48,010)	(48,010)
Effect of early redemption of convertible bonds		–	–	–	–	(2,212)	–	23,864	21,652
At 30 April 2012		92,236	702,532	294,402	25,586	46,108	(272,544)	(129,247)	759,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

28. CAPITAL AND RESERVES (continued)

(b) Share capital

(i) Authorised and issued share capital

	Number of ordinary shares of HK$0.10 each '000	Nominal value HK$'000	RMB equivalent RMB'000
Authorised:			
At 1 May 2010, 30 April 2011, 1 May 2011 and 30 April 2012	2,000,000	200,000	212,000
Issued and fully paid:			
At 1 May 2010, 30 April 2011, 1 May 2011 and 30 April 2012	884,035	88,404	92,236

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

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

Exercised period	Exercise price	2012 Number of share options	2011 Number of share options
19 April 2007 to 11 December 2013	HK$3.50	**3,003,000**	3,777,000
30 May 2008 to 11 December 2013	HK$7.29	**8,400,000**	12,900,000
		11,403,000	16,677,000

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

28. CAPITAL AND RESERVES (continued)

(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 owners of the Company in the form of fully paid bonus shares.

(ii) PRC statutory reserve

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

(iii) Merger reserve

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

(iv) Share-based compensation reserve

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

(v) Convertible bonds reserve

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

(vi) Exchange reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

28. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(vii) Contributed surplus

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

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 2012, the aggregate amount of reserves available for distribution to owners of the Company, including the contributed surplus mentioned above, was nil (2011: RMB66,936,000). In addition, the Company's share premium account, in the amount of approximately RMB702,532,000 at 30 April 2012 (2011: RMB702,532,000), may be distributed in the form of fully paid bonus shares.

After the end of the current reporting period, the directors did not propose any dividend.

After the end of the prior reporting period, the directors proposed a final dividend of HK$0.065 per ordinary share (equivalent to approximately RMB0.054 per ordinary share), amounting to approximately RMB48,010,000 (note 11(a)), which has not been recognised as a liability at 30 April 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

28. CAPITAL AND RESERVES (continued)

(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, amount due to a director and convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity.

During the year ended 30 April 2012, the Group's strategy, which was unchanged from the last year, was to maintain the adjusted net debt-to-equity ratio at the lower end by having sufficient cash and cash equivalents over total debt and proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

28. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

The net debt-to-equity ratio at 30 April 2012 and 2011 was as follows:

		The Group		The Company	
		2012	2011	**2012**	2011
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Trade and other payables	25	**130,654**	101,857	**1,280**	1,757
Due to a director	24	**8,148**	8,373	**8,148**	8,373
Convertible bonds	27	**1,313,528**	1,315,293	**1,313,528**	1,315,293
Total debt		**1,452,330**	1,425,523	**1,322,956**	1,325,423
Add: Proposed dividends	11(a)	**–**	48,010	**–**	48,010
Less: Cash and cash equivalents	23	**(1,683,456)**	(1,711,631)	**(23,025)**	(123,485)
Net (cash)/debt		**(231,126)**	(238,098)	**1,299,931**	1,249,948
Total equity	28	**3,831,526**	3,348,818	**759,073**	944,234
Adjusted net debt-to-equity ratio		**N/A**	N/A	**171%**	132%

The adjusted net debt-to-equity ratio of the Company was over 100% as at 30 April 2012 and 2011. The Company regarded that such situation was short term only. In order to maintain or adjust the capital structure, the Company may adjust the dividends from subsidiaries and the dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Pursuant to a bond subscription agreement date 17 March 2010, the Group is required to maintain the ratio of "total gross debt" to "EBITDA" not exceeding 4:1. For the purpose of this capital requirement, "total gross debt" is defined as all obligations in respect of the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness of the Group and "EBITDA" is defined as operating profits before deducting taxation, finance charges, exceptional or extraordinary items, amortisation of goodwill or depreciation of tangible assets of the Group. The Group is in compliance with the capital requirement.

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

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	2012 Weighted average exercise price	2012 Number of options '000	2011 Weighted average exercise price	2011 Number of options '000
Outstanding at the beginning of the year	**HK$6.43**	**16,677**	HK$6.23	**27,375**
Lapsed during the year	**HK$6.73**	**(5,274)**	HK$5.91	**(10,698)**
Outstanding at the end of the year	**HK$6.29**	**11,403**	HK$6.43	**16,677**
Exercisable at the end of the year	**HK$6.29**	**11,403**	HK$6.43	**16,677**

The options outstanding at 30 April 2012 had an exercise price of HK$3.50 or HK$7.29 (30 April 2011: HK$3.50 or HK$7.29) and a weighted average remaining contractual life of 1.62 years (2011: 2.62 years).

(c) Fair value of share options and assumptions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	Share options granted on		
	19 April 2006	30 May 2007	3 April 2008
Fair value at measurement date	HK$0.94	1 year vesting HK$2.50 2 years vesting HK$2.68	1 year vesting HK$2.96 2 years vesting HK$3.01
Share price at grant date	HK$3.20	HK$7.08	HK$8.51
Exercise price (weighted average)	HK$3.50	HK$7.29	HK$8.50
Expected volatility (express as weighted average volatility used in the modeling under the Binomial Model)	43%	44%	45%
Option life	7.65 years	6.53 years	5.69 years
Expected dividends	3%	HK$0.017 in February HK$0.041 in September	1.54%
Risk-free interest rate	4.63%	1 year vesting 4.406% 2 years vesting 4.428%	2.08%

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

30. DISPOSAL OF A SUBSIDIARY

On 17 October 2011, the Group entered into a sale and purchase agreement to dispose its 100% equity interests in China Green (Xiamen) Supply Chain Company Limited to an independent third party for cash consideration of approximately HK$34,958,000 (equivalent to approximately RMB28,590,000). The transaction was completed on 2 November 2011.

	RMB'000
Net assets disposed of:	
Property, plant and equipment	10
Interests in leasehold land held for own use under operating leases	58,359
Cash and cash equivalents	7
Amount due to its immediate holding company	(30,113)
	28,263
Gain on disposal	327
Total consideration	28,590
Satisfied by:	
Cash	28,590
Net cash inflow arising on disposal:	
Cash consideration	28,590
Cash and cash equivalents disposed of	(7)
	28,583

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

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

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 15% (2011: 10%) and 29% (2011: 28%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

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

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

(b) Liquidity risk

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

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

The Group

2012

		Contractual undiscounted cash outflow			
	Carrying amount at 30 April RMB'000	Total RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 1 year but less than 5 years RMB'000
Due to a director	8,148	8,148	8,148	–	–
Trade and other payables	87,740	87,740	87,740	–	–
Convertible bonds	1,313,528	1,370,516	1,370,516	–	–
	1,409,416	1,466,404	1,466,404	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The Group (continued)

2011

	Carrying amount at 30 April RMB'000	Contractual undiscounted cash outflow Total RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 1 year but less than 5 years RMB'000
Due to a director	8,373	8,373	8,373	–	–
Trade and other payables	77,454	77,454	77,454	–	–
Convertible bonds	1,315,293	1,517,238	40,500	1,476,738	–
	1,401,120	1,603,065	126,327	1,476,738	–

The Company

2012

	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 1 year but less than 5 years RMB'000**
Due to a director	**8,148**	**8,148**	**8,148**	**–**	**–**
Trade and other payables	**1,280**	**1,280**	**1,280**	**–**	**–**
Convertible bonds	**1,313,528**	**1,370,516**	**1,370,516**	**–**	**–**
	1,322,956	**1,379,944**	**1,379,944**	**–**	**–**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The Company (continued)

2011

	Carrying amount at 30 April RMB'000	Contractual undiscounted cash outflow Total RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 1 year but less than 5 years RMB'000
Due to directors	8,373	8,373	8,373	–	–
Trade and other payables	1,757	1,757	1,757	–	–
Convertible bonds	1,315,293	1,517,238	40,500	1,476,738	–
	1,325,423	1,527,368	50,630	1,476,738	–

(c) Interest rate risk

Fair value interest rate risk

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

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

Cash flow interest rate risk

As at 30 April 2012, 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 consider 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.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk

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

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other financial institutions authorised to buy and sell foreign currencies.

In respect of cash at banks, trade and other receivables, trade and other payables and borrowings held in a currency other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

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

The Group

	2012 (expressed in RMB)	
	RMB	**USD**
	'000	**'000**
Cash and cash equivalents	**–**	**21,914**
Bank deposits with maturity over 3 months	**–**	**106,184**
Trade and other receivables	**–**	**–**
Trade and other payables	**–**	**–**
Convertible bonds	**(1,313,528)**	**–**
Overall net exposure	**(1,313,528)**	**128,098**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

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

The Company

	2012 (expressed in RMB)	
	RMB	**USD**
	’000	**’000**
Cash and cash equivalents	**–**	**19,626**
Bank deposits with maturity over 3 months	**–**	**33,749**
Trade and other receivables	**–**	**–**
Due from subsidiaries	**772,971**	**–**
Convertible bonds	**(1,313,528)**	**–**
Overall net exposure	**(540,557)**	**53,375**

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

During the year ended 30 April 2012, if RMB has strengthened by 5%, with all other risk variables remained constant, the Group's profit after taxation and retained profits would decrease by approximately RMB72,200,000 (2011: RMB78,900,000). For a 5% weakening of RMB, there would be an equal and opposite impact on the profit after taxation and retained profits. Other components of consolidated equity would not be affected by the changes in foreign exchange rates.

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2011.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair value as at 30 April 2012 and 2011.

(f) Estimation of fair values

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

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

(i) Short-term financial assets and liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Estimation of fair values (continued)

(ii) Convertible bonds

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

(iii) Biological assets

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

32. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group at 30 April 2012 not provided for in the consolidated financial statements were as follows:

	2012 RMB'000	2011 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**46,569**	151,176

(b) Operating lease commitments

At 30 April 2012, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2012 RMB'000	2011 RMB'000
The Group		
Within one year	**31,141**	8,450
After one year but within five years	**125,224**	31,780
After five years	**346,520**	162,840
Total	**502,885**	203,070
The Company		
Within one year	**1,462**	979
After one year but within five years	**2,003**	–
Total	**3,465**	979

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.

33. 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:

	2012	2011
	RMB'000	RMB'000
Short-term employee benefits	**5,174**	8,515
Post-employment benefits	**38**	30
	5,212	8,545

Total remuneration to personnel of the Group is included in "staff costs" (see note 6).

(b) Transactions with other related parties

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

34. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Note 31(f) contain information about the assumptions relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairments

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

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

(b) Depreciation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2012

34. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Write-down of inventories

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

(d) Fair value of biological assets

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

Management uses prices of recent market transactions, market prices for similar assets and sector benchmarks as a basis for measuring fair value. These prices are adjusted to reflect differences in characteristics and/or stages of growth of the assets.

(e) Provision for income tax

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

35. CONTINGENT LIABILITIES

As at 30 April 2012, the Group and the Company had no significant contingent liabilities (30 April 2011: Nil).

36. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 July 2012.

FINANCIAL SUMMARY

For the year ended 30 April

	For the year ended 30 April				
	2008	2009	2010	2011	**2012**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Turnover	1,267,094	1,547,659	1,900,784	2,234,620	**2,548,150**
Gross profit	676,644	800,114	1,000,374	1,119,353	**1,133,119**
Profit before taxation	483,746	495,337	691,120	595,625	**696,746**
Profit attributable to owners of the Company	470,952	454,925	575,996	458,802	**520,262**
Non-current assets	788,798	1,981,990	2,101,549	2,827,194	**3,405,426**
Current assets	2,379,011	1,599,456	3,248,111	2,039,798	**1,984,630**
Current liabilities	(85,004)	(94,235)	(966,625)	(135,728)	**(1,482,440)**
Non-current liabilities	(843,185)	(914,382)	(1,312,611)	(1,382,446)	**(76,090)**
Shareholders' equity	2,239,620	2,572,829	3,070,424	3,348,818	**3,831,526**
Basic earnings per share (RMB)	0.538	0.515	0.652	0.519	**0.589**