* For identification only

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)

2013 Annual Report

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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

Ng Yiu Fai

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
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
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

00904

WEBSITE

http://www.chinagreen.com.hk

CHAIRMAN'S STATEMENT

Explore new growth by innovating multi-grain products and controlling the food source safety to strengthen "China Green" brand

Creating a Healthier China

In 2013, facing the complex domestic and international economic situation and the changing international political and economic environment, it was not easy to operate in the industry. Although the final results were unsatisfactory, the Group still deemed "Choose the green food products from China Green first" as the central idea. "All-the-way green and healthy China" development philosophy is gradually accepted by the public, and we will continue to work hard to make the Group become the standard growers of the full green food, standard processors of the green food and standard suppliers of the green food, and consolidate the foundation of green-oriented industry.

With a sense of crisis, the Group timely adjusts and makes good the inadequacies during the development of the enterprise by capturing the latest features of innovation and the direction of development to maintain our position at the forefront of the industry, and leads the Group ahead of the peers in agriculture, deep processing of agricultural products and green food and beverage industry chain, and exerts irreplaceable influence through the brand value in this industry.

In order to actively take advantage of market opportunities, the Group made an investment in Baicheng City, Jilin Province during the year, to gradually build a quality grains planting base, integrated processing center and the trade center, which was the important milestone of the Green Group in the development process, and marked the Group's modern green agricultural industry towards a new stage. With our vertically integrated business model which we take great pride in, we will strengthen and stabilize the upstream supply of raw materials in order to optimize multi-grain food and beverage business.

At present, the requirement of the domestic consumers is increasing, especially in aspects of food safety, nutrition and healthiness. We are very concerned about food safety element all the times, as this is a key factor for a long-term success of food and beverage companies. We believe that green, natural, safe, nutritious and healthy food is the first choice for all consumers. We are committed to establishing a comprehensive management system of food safety risk to comply with the various regionally and internationally recognized quality standards for the production process and to continue to ensure that our products maintain the first-class quality.

CHAIRMAN'S STATEMENT

Meanwhile, we will spare no effort to expand the nationwide distribution network of food and beverage business and be committed to strengthening our leading position in the industry of grain foods and beverages.

This year is the fifteenth anniversary of the establishment of the Group, and also is the year when the Group held the second summit of national distributor in Xiamen. With the healthy and natural characteristics, the grains are in line with the latest developments trends in the current domestic market, therefore, the grains related food and beverage is in an rapid-growing period. Over the past year, the Group also increased the efforts in research and development, to further accelerate the introduction of innovative new products and enhance the competitiveness and quality of our existing products. In the summit of national distributor, the Group also showed a lot of different new products, including red cans “multi-grain tea”, the “multi-grain da wang” with the children designed packaging as well as Hong Kong-style grains desserts “duo xi duo fu” and so on. In the third hot pot festival of China (Xiamen) just held in late May, the Group also took the opportunity to show a lot of hot pot ingredients and frozen food with the grains theme, including fish ball filled with sweet corn. We believe that making the enterprise having evergreen vitality, competitiveness and sustainable development capacity, the only way is through research and development and technology innovation.

In addition, in order to broaden the sales channels, the Group also increased the brand promotion, by sponsoring of several different domestic programs and films, including the “China Green Cu Liang Wang Healthy Talent Show” organized by Hebei TV for half a year. Also with CCTV advertising, combined with domestic strong media such as Hunan Satellite TV, Jiangxi TV, Hebei TV, Henan TV, China Television Media, WorldCom Warner, we carried out these promotional strategies through the intensive communication to cover all the major markets. Meanwhile, in order to complement the Group’s “grains” image, the spokesperson of China Green “Cu Liang Wang” was also replaced with Sun Honglei, a existing domestic top celebrity during the year. The brand influence of China Green “Cu Liang Wang” has been increasing. Matching with the plans mentioned in the Twelfth Five-year plan which highlights enhancing domestic consumption and stable progress of urbanisation, the consumption patterns of the market will be more diversified, which is conducive to the policy of encircling the cities from the rural areas which has been adopting by the Group.

Finally, in respect of the financial year 2013, the Group’s overall turnover declined and the net profit recorded a substantial decline. Amid the declining domestic macroeconomy, the continuing uncertain international political and economic situation (in particular the aspects of Sino-Japanese relations), the rapidly increasing operating costs and the Group failing to propose the effective solutions to solve the convertible bond result in the turnover of the principal business substantially declined in the second half, affecting the annual overall performance which is far from satisfactory. The shareholders’ return on investment in 2013 was less than that in 2012, which disappoint the shareholders. However, I am confident that the management team will continue their efforts to make a better future for the China Green to reward shareholders for their support in accordance with the Company’s long-term development objectives and strategies. It is hoping that shareholder will see how China Green leads the trend of healthiness and leads the new green revolution of Chinese food industry in the near future!

Sun Shao Feng
Chairman

31 July 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of financial results

Turnover and gross profit

For the year ended 30 April 2013, the Group recorded a turnover of approximately RMB2,184.1 million, a slight decrease of approximately RMB364.0 million or approximately 14.3% decrease from approximately RMB2,548.1 million for the last financial year. The decrease was mainly due to the decrease in turnover of fresh produce and processed products business segment.

The gross profit of the Group was decreased by approximately 35.3% to approximately RMB733.3 million from approximately RMB1,133.1 million for the last financial year. The gross profit margin of the Group for the financial year was approximately 33.6% as compared to approximately 44.5% for the last financial year.

Gain arising from changes in fair value less costs to sell of biological assets

The gain arising from changes in fair value less costs to sell of biological assets was decreased by approximately 69.6% to approximately RMB23.5 million from approximately RMB77.0 million for the last financial year. Such decrease was mainly due to less fresh produce grown during the year under review.

Selling, general expenses and finance costs

Selling and distribution expenses were approximately RMB297.0 million (2012: approximately RMB280.6 million), it mainly consists of transportation, marketing and promotional expenses as well as wages of sales executives and other various costs. The slight increase was mainly due to inflationary cost arising from advertisement, wages and transportation. General and administrative expenses were approximately RMB187.3 million (2012: approximately RMB162.8 million), it mainly consists of employee compensations, legal and professional fee, research and development and other daily operating costs. The increase was mainly attributable to amortization of land acquired in Baicheng, inflationary cost of wages and higher legal and professional fee as a result of the bond restructuring exercise during the financial year. Finance costs were approximately RMB101.8 million (2012: approximately RMB88.0 million) and the increase over those incurred in 2012 was mainly due to the increase in imputed interest of the convertible bond and the provision for default interest upon maturity of the convertible bond to the end of the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to the owners of the Company

The profit attributable to owners of the Company for the year was approximately RMB81.1 million as compared to approximately RMB520.3 million of last year. Apart from not being able to transfer the increase in raw material, wages and other incidental costs (e.g. advertisement and freight cost, etc.) under such keen market competition, the significant decrease was primarily due to the drop in business turnover of fresh produce during the implementation stage of business transformation, as mentioned in the interim result profit announcement. In the meantime, turnover of processed products was affected by the unstable global political and economic environment, in particular, the Japanese market. Last not least, the failure in successfully restructuring the convertible bond before its maturity was also a critical factor which lowered the expected turnover from the branded business segments.

Review of operation

During the year under review, the Group was principally engaged in the growing, processing and sales of agricultural products and consumer food and beverage products.

Branded beverage business

Revenue from the branded beverage business recorded a growth of 21.0%, reaching RMB1,280.3 million (2012: RMB1,058.5 million). Our multi-grain series branded as "Cu Liang Wang" continued to become the key contributor to the beverage business turnover during the year under review. It represented 90.6% of our total beverage sales (2012: 91.3%).

The evolution of beverage market in China evidenced the diversification and more personalized market niche and this gives leeway for multi-grain beverage to get a foothold in this competitive market. In view of the increase in health awareness by beverage consumers in China, the Group allocated more resources in this arena in order to capture this rapid growing market. During the year under review, the Group launched several new products, including but not limited to, the multi-grain tea ("粗涼茶") and multi-grain da wang ("粗糧大王") which targets the teenage market.

The gross profit margin of the branded beverage business was 43.2% (2012: 49.2%). The slight decline was due to increase in material, wages and other incidental costs which the Group found it difficult to pass onto the consumer amid the keen competitive and challenging economic and operating environment.

Developing sales channel through distributors continued to be the focus during the year. This is a crucial bridge between the products and the consumer markets coupled with appropriate level of advertisements (as mentioned below). The extensiveness of channel coverage determines the level of awareness of a product and the Group has been allocating more resources in this area. In addition, the Group first tapped the Tibet market during the year and the existing market penetration basically covered all provinces in China (except for Hong Kong, Macau and Taiwan).

MANAGEMENT DISCUSSION AND ANALYSIS

Apart from widening the distribution channel, the Group has also put more resources in advertisement and promotional activities during the year. Traditional advertisements which include TV commercials, light board, moving advertisements on public transportation were going in line with sponsoring TV talent show for half a year as shown in Hubei satellite TV. These are effective and useful in gaining wider recognition of the brands "China Green" and "Cu Liang Wang" for consumers in China. The total marketing and advertising expenses accounted for approximately 8.2% (2012: 8.1%) of our branded product revenue during the year.

Food safety has long been a critical concern among all the consumers and food manufacturers in China. This can be radically resolved by maintaining a high quality of source of raw material and monitoring from its seeding, planting and harvesting to processing and ultimately packaging into the ending branded products. In view of this from a long-vision angle, the Group further strengthened its reputed vertically-integrated business model by further entering into 150,000 mu of multi-grain long-term farmland lease and constructing ancillary facilities in Bai Cheng city of Jilin province during the year under review. With this scarce and non-renewable resources on hand, the Group is confident that it will be able to nurture and protect its brand value in the long run and also to be flexible and competitive in controlling the amount of supply, the production cost and the quality of its raw material for its mid and downstream business segments in the years to come.

Branded food business

Branded food products mainly include rice and rice related products and hot-pot ingredients. Revenue from branded food business amounted to RMB243.0 million (2012: RMB289.3 million). There was a decline of 16.0% and was mainly attributable to rice related products.

Revenue derived from rice and rice related products was RMB139.2 million (2012: RMB214.0 million and it accounted for approximately 57.3% (2012: 74.1%) of our branded food revenue during the year under review. The decline in revenue was mainly due to the decline in revenue of rice related products. In order to diversify and for ease of recognizing the various branded food revenue stream, the Group currently launched a line of frozen hot-pot pack called "Cu Liang Dang Dao" (粗糧當道) and frozen food product called "Huang Jia Ma Tou" (皇家碼頭) and they contributed 42.6% in aggregate (2012: 25.9%) of our branded food revenue. Gross profit for branded food business decreased by 43.8% to RMB57.3 million (2012: RMB102.0 million), and the gross profit margin was down to 23.6% (2012: 35.3%) during the year under review. The decline was largely due to increase in material, wages and other incidental costs which the Group found it difficult to pass onto the consumer amid the keen competitive and challenging economic and operating environment.

MANAGEMENT DISCUSSION AND ANALYSIS

Processed products business

The processed products segment recorded a revenue of RMB406.3 million (2012: RMB756.8 million) which represented a decline of 46.3% when compared to last year. Such significant decrease was mainly attributable to the poor sales performance of the export market, in particular the Japanese market. Nevertheless, the overseas market still accounted for approximately 57.8% of our total processed product sales (2012: 87.5%).

The gross profit margin was 23.0% (2012: 45.3%) during the year under review. As mentioned above, due to the unfavourable macroeconomic environment, the demand from overseas for our processed products declined, resulting in a fierce price competition among the industry, and subsequently eroded the margin. This was aggravated by the increase in production cost which explained the decline in the overall profit margin.

In view of the unstable global political and economic environment, the Group shifted more focus on lower gross margin domestic sales of its processed products and this was evidenced by the increase in proportion of domestic sales.

At present, 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.

Fresh produce business

The fresh produce business recorded a significant decline in revenue which was RMB254.4 million (2012: RMB443.4 million) during the year under review. The revenue was declined by 42.6%. Such decline was attributable to less crops planted and harvested during the second half of the year. This was driven by the change in business strategy of the Group by re-allocating resources to more sustainable, possibly higher growth potential multi-grain plantation which integrates with the rest of the Group's production.

The domestic market accounted for approximately 87.3% of the total fresh produce revenue (2012: 71.5%). The higher domestic presence was also primarily due to the poor performance of the export market.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and capital structure

As at 30 April 2013, the Group had total cash and cash equivalents which amounted to approximately RMB422.6 million (2012: RMB1,683.4 million) whilst the total assets and net assets were approximately RMB5,484.1 million (2012: RMB5,390.0 million) and RMB3,914.2 million (2012: RMB3,831.5 million) respectively. The Group had current assets of RMB756.3 million (2012: RMB1,984.6 million) and current liabilities of RMB1,499.0 million (2012: RMB1,482.4 million). The current ratio was 0.50 times (2012: 1.3 times).

The convertible bond which was issued by the Company in April 2010 was matured on 12 April 2013. As of this financial year end the outstanding convertible bond was still regarded as a convertible bond, though technically default. The calculation of the Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents divided by shareholders' fund) was 0.27 (2012: N/A).

Capital commitment and contingent liabilities

As at 30 April 2013, the Group had contractual capital commitments of approximately RMB431.1 million (2012: RMB47.0 million), which was mainly comprised of beverage equipment purchase.

As at 30 April 2013, 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

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 April 2013. The revenue, operating costs and bank deposits of the Group are mainly denominated in Renminbi and Hong Kong dollars. Therefore, the Group is not exposed to any material foreign currency exchange risk.

Significant investment held and material acquisitions

During the year under review, the Group entered into leases of multi-grain farmland in Bai Cheng city of Jilin coupled with other incidental roadwork leveling and soil improvement expenditure which amounted to approximately RMB1,342.5 million.

Pledge on Group's assets

As at 30 April 2013, the Group did not pledge any assets to banks or others to secure banking facilities to be granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Number of employees and remuneration policy

As at 30 April 2013, the Group had 4,300 (2012: 7,600) employees. The Group's remuneration policy is reviewed periodically and remuneration is determined by reference to market trend, company results, and individual qualifications and performance.

Prospects

Looking forward to 2014, the Group will continue to build a nationwide branded multi-grain food and beverage network by leveraging on its leading position in the industry, readily available business model, well-developed management system, high standard production facilities and quality customer services.

The Bai Cheng project is expected to commence part of its operation in 2014 and the Group believes this new flagship multi-grain project will demonstrate a good business and operation model for its various multi-grain line of businesses.

The Group will continue to focus its investment in multi-grain beverage markets in China to further strengthen its leading position in the field. This will be envisaged by the expected completion of the Hubei beverage plant by December of 2013 and wider promotion of the brand in the coming year. The Group will take advantage of its strategic position attained in the multi-grain field to endeavor to negotiate and expand its network by establishing partnership with various special channels in China.

With our specialized experience as a leader in the industry, the Group is confident that our strategy and business model will deliver long-term benefits to the shareholders of the Company.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("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 on 1 April 2012.

During the year ended 30 April 2013, the Company was in compliance with all relevant code provisions set out in the CG Code except for the deviations as explained below.

Code provision A.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company is in the process of identifying appropriate insurance cover in respect of legal action against its Directors.

Code provision A.2.1 of the 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, 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 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.

Code provision A.6.7 of the CG Code provides that non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong, independent non-executive Directors of the Company, did not attended the annual general meeting of the Company held on Thursday, 18 October 2012 ("2012 AGM") and the special general meetings of the Company held on 13 June 2012 and 15 April 2013 due to their engagement in their own official business.

CORPORATE GOVERNANCE REPORT

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Sun Shao Feng, the chairman of the Board, did not attend the 2012 AGM because he missed the flight due to engagement in the Group's business. Mr. Huang Zhigang, the chairman of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Company, did not attend the 2012 AGM due to the reason stated above.

Save as the aforesaid and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code during the year ended 30 April 2013.

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.

The Company confirmed that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code throughout the year ended 30 April 2013.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or reappointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily 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
Sun Shao Feng *(Chairman and CEO)*
Nie Xing

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

CORPORATE GOVERNANCE REPORT

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 composition of the Board reflects the balanced skills and experience for effective leadership. The biographical details of Directors are set out on pages 22 to 25 under the section headed "Profiles of Directors and Senior Executives".

The Board decides on corporate strategies, approves overall business plans and evaluates the Group's financial performance and management. Specific tasks that the Board delegates to the Group'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.

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 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.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 30 April 2013 to the Company. In addition to their own participation in professional training, relevant training was provided to the Directors by the Company in the financial year ended 30 April 2013.

The Company has also continuously updated Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for the year ended 30 April 2013 is set out below:

Name of Director	**Attending or participating in seminars/ workshops or working in technical committee relevant to the Group's business/directors' duties**
Sun Shao Feng	✓
Nie Xing	✓
Huang Zhigang	✓
Hu Ji Rong	✓
Zheng Baodong	✓

CORPORATE GOVERNANCE REPORT

All the Directors also understand the importance of continuous professional development and are committed to participate in suitable training to develop and refresh their knowledge and skills.

Chairman and Chief Executive

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.

Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong, the independent non-executive Directors of the Company, were not appointed for a specific term, but they are subject to retirement by rotation in accordance with the Bye-Laws.

Board Meetings

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. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results.

CORPORATE GOVERNANCE REPORT

During the financial year ended 30 April 2013, the Board held 15 meetings. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings, and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director	Number of attendance
Sun Shao Feng	15/15
Nie Xing	15/15
Huang Zhigang	15/15
Hu Ji Rong	15/15
Zheng Baodong	15/15

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

General Meetings

During the financial year ended 30 April 2013, 3 general meetings of the Company were held, being the 2012 annual general meeting of the Company ("2012 AGM") held on 18 October 2012, and 2 special general meetings held on 13 June 2012 and 15 April 2013 respectively.

Name of Director	Number of attendance
Sun Shao Feng	1/3
Nie Xing	1/3
Huang Zhigang	0/3
Hu Ji Rong	0/3
Zheng Baodong	0/3

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.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

The terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the New CG Code, and is currently made available on the websites of the Stock Exchange and the Company.

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.

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 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 reviewed annually the existing internal control system of the Group.

During the financial year ended 30 April 2013, the Audit Committee held 3 meetings.

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

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS

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

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

The terms of reference adopted by the Nomination Committee is aligned with the code provisions set out in the New CG Code, and is currently made available on the websites of the Stock Exchange and the Company.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Group's strategies, identifying individuals suitably qualified to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular Chairman and chief executive.

During the financial year ended 30 April 2013, the Nomination Committee held 1 meeting to assess the independence of the independent non-executive Directors and to consider the re-election of Directors.

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

REMUNERATION OF DIRECTORS

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

The terms of reference adopted by the Remuneration Committee is aligned with the code provisions set out in the New CG Code, and is currently made available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

During the financial year ended 30 April 2013, the Remuneration Committee held 1 meeting for reviewing the remuneration packages of the Directors and senior management.

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

The Company has adopted a share option scheme on 12 December 2003. The purpose of the share option scheme is to enable the Board to grant options to selected eligible participants to motivate them and to optimize their performance and efficiency for the benefit of the Group. Details of the share option scheme are set out in the Report of the Directors.

The emolument payable to Directors and senior management will depend on their respective contractual terms under employment agreement, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of Directors and senior management are set out in note 8 to the consolidated 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.

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

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.

CORPORATE GOVERNANCE REPORT

During the financial year ended 30 April 2013, the CG Committee held 1 meeting to review the Company's policies and practices on corporate governance; to review the training and continuous professional development of Directors and senior management; and to review the Company's compliance with the CG Code.

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

AUDITORS' REMUNERATION

During the year under review, the remunerations paid/payable to the Company's auditor, HLB Hodgson Impey Cheng Limited is set out below:

	Fee paid/payable *RMB'000*
Services rendered	
Audit services	2,056
Non-audit services	–
	2,056

COMPANY SECRETARY

Mr. Ng Yiu Fai ("Mr. Ng") was appointed as the chief financial officer and the Company Secretary of the Company on 25 November 2012. The biographical details of Mr. Ng are set out on page 23 under the section headed "Profiles of Directors and Senior Executives".

According to the Rule 3.29 of the Listing Rules, Mr. Ng had taken no less than 15 hours of relevant professional training for the financial year ended 30 April 2013.

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.

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 Company's Bye-laws and the Companies Act of Bermuda. The procedure shareholders can use to convene a special general meeting is set out in the documents entitled "Procedure 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

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedure 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 to circulate 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.

CORPORATE GOVERNANCE REPORT

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 CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 30 April 2013, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

INTERNAL CONTROL

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

During the year ended 30 April 2013, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng (孫少鋒), aged 48, 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 49, 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 DIRECTORS

Mr. Huang Zhigang (黃志剛), aged 50, 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 AudItescent Economic Development Association and the executive member of Fujian Securities Research Association. He has been an independent director of Fujian Nanan Rural Cooperative Bank since May 2007. Mr. Huang is also the chairman of each of the Audit Committee, the 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 46, 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. Ng Yiu Fai (吳耀輝), aged 38, is the Chief Financial Officer and Company Secretary of the Company. He was appointed as the vice president of corporate finance of the Group since 5 August 2011 and was appointed as the Chief Financial Officer and Company Secretary of the Company since 25 November 2012. Mr. Ng earned a bachelor's degree of Business Administration (Hons.) with a major in Accounting from the Hong Kong University of Science and Technology. Prior to joining the Group, he worked at KPMG and several Hong Kong-listed companies serving in several positions during 1997 to 2011, culminating in the position of Assistant Financial Controller. Mr. Ng is a qualified accountant and is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen Qian (陳謙), aged 41, is the vice president of marketing of the Group. Mr. Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範高等專科學校) in 1992 and obtained a master degree from Renmin University of China (中國人民大學) in 2004. Prior to joining the Group, he served in various positions at a number of companies, including Officer, Section Chief, Head of Sub-division, Vice General Manager and Acting General Manager, and has over 10 years of working experience in sales management.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Lin Bing Wen (林炳文), aged 44, 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 38, 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 (厦門大學) in 1996.

Mr. Chen Wen Zhong (陳文忠), aged 51, 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 40, 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 (厦門華順食品公司) 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 37, 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. (厦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.

Mr. Zhang Zhi Qin (張志勤), aged 49, 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".

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Chen Chang Gai (陳昌概), aged 33, 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 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, mainly responsible for managing the Company's accounts and tax filings. Mr. Chen has managing and finance experience for over 14 years.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders their annual report and audited financial statements of the Group for the financial year ended 30 April 2013.

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 2013 are set out in the consolidated income statement on page 36.

The Board did not recommend the payment of a final dividend for the year ended 30 April 2013 (2012: nil).

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 40. 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 2013, 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, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 30 April 2013.

DIRECTORS

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

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

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

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Sun Shao Feng and Mr. Zheng Baodong shall retire from office as Directors by rotation at the 2013 AGM and, being eligible, offered themselves for re-election.

INDEPENDENCE CONFIRMATION

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

DIRECTORS' SERVICE AGREEMENTS

None of the Directors who are proposed for re-election at the 2013 AGM has a service agreement with the Company 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 22 to 25.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2013, 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.

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 remains 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 2013 under the Scheme are as follows:

Name or category of participants	Balance as at 1 May 2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 April 2013	Exercise price (HK$)	Date of Grant	Exercisable Period
	Number of share options							
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								
	3,003,000	–	–	(591,000)	2,412,000	3.50	19 April 2006	19 April 2007 to 11 Dec 2013#
Sub-total	3,003,000	–	–	(591,000)	2,412,000			
Total	11,403,000	–	–	(591,000)	10,812,000			

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 or any of its subsidiaries, its holding company, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any or its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 April 2013, 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	Position	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Capital Mate (Note 1)	Beneficial owner	Long position	407,274,000	46.07%
Chen Yuanming	Beneficial owner	Long position	44,244,000	5.00%
	Family interest	Long position	840,000	0.10%

Notes:

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

2. Pursuant to section 316 of the SFO, Chen Yuanming is deemed to be interested in 840,000 shares held by his/her spouse, Dai Shaobo.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 April 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Save as aforesaid, the Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for the year ended 30 April 2013.

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 associates.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2013, none of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS

Significant related party transactions which also constitute connected transactions under the Listing Rules, entered into by the Group during the year are disclosed in note 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 2013.

RETIREMENT SCHEME ARRANGEMENT

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers was approximately 24.3% of the Group's purchase and the largest supplier to the Group was approximately 5.6% of the Group's purchase for the year.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 16.1% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 5.3% of the Group's turnover for the year.

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

PUBLIC FLOAT

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

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 2013, the Audit Committee held 3 meetings with all members present to consider the change of auditor of the Company, 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 2013.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

(a) On 21 March 2013, the Company entered into the subscription agreement between Partner Shanghai Limited (the "Subscriber") for the subscription of 226,553,576 shares at HK$1.34 per share. The Company further announced that pursuant to a letter date 7 June 2013 from the Subscriber to the Company, the Company is informed that the Subscriber is considering delaying the completion of the subscription agreement due to the Company is investigating by Securities and Futures Commission. Please refer to the Company's circular and announcements on 26 March 2013 and 9 June 2013 respectively.

On 23 June 2013, the Company and the Subscriber have agreed on a non-binding term sheet regarding a proposal to replace the subscription agreement, as amended, with a loan (the "Proposed Loan") on a without prejudice and subject to contract basis. Prior to the signing of the Proposed Loan documentation, the subscription agreement shall remain valid and enforceable and both parties shall reserve their rights thereunder. Please refer to the Company's announcement dated 23 June 2013 for details.

(b) On 13 May 2013, the Company announced the second bondholders' resolution which was duly passed at the second bondholders' meeting. Please refer to note 27 to the financial statements and the Company's announcements for the details of the second consent solicitation.

AUDITOR

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

Crowe Horwath resigned as auditor of the Company with effect from 25 May 2012, and HLB Hodgson Impey Cheng Limited ("HLB") was appointed as the new auditor 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.

Save as aforesaid, there were no changes in auditor of the Company during the past three years.

A resolution will be proposed at the 2013 AGM to re-appoint HLB as auditor of the Company.

On behalf of the Board

Sun Shao Feng
Chairman

Hong Kong, 31 July 2013

INDEPENDENT AUDITORS' REPORT

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

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

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

We have audited the consolidated financial statements of China Green (Holdings) Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 36 to 117, which comprise the consolidated and company statements of financial position as at 30 April 2013, 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 persons 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.

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 the 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.

INDEPENDENT AUDITORS' REPORT

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 2013 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which describe that the convertible bonds with an outstanding amount of approximately RMB1,370,487,000 in aggregate were matured on 12 April 2013 (the "Convertible Bonds 2013"). Due to the maturity of the Convertible Bonds 2013, the Group's consolidated current liabilities exceed its consolidated current assets by approximately RMB742,687,000 as at 30 April 2013. On 1 May 2013, the Company issued a consent solicitation memorandum to the bondholders (the "Proposed Restructuring Plan") and the bondholders passed an extraordinary resolution to approve the Proposed Restructuring Plan. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful outcome of the Proposed Restructuring Plan and the Group's ability to obtain long-term financing facilities and derive adequate operating cash flows from the existing operations in order for the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirement. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 31 July 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2013

	Notes	2013 RMB'000	2012 RMB'000
Turnover	4	**2,184,097**	2,548,150
Cost of sales		**(1,450,799)**	(1,415,031)
Gross profit		**733,298**	1,133,119
Other revenue	5	**7,130**	17,712
Gain on disposal of a subsidiary	30	**–**	327
Gain arising from changes in fair value less costs to sell of biological assets		**23,455**	77,044
Selling and distribution expenses		**(297,044)**	(280,620)
General and administrative expenses		**(187,353)**	(162,806)
Profit from operations		**279,486**	784,776
Finance costs	6(a)	**(101,770)**	(88,030)
Profit before taxation	6	**177,716**	696,746
Income tax	7	**(96,586)**	(176,484)
Profit for the year attributable to owners of the Company		**81,130**	520,262
Earnings per share			
– Basic	12	**RMB9.2 cents**	RMB58.9 cents
– Diluted		**RMB9.2 cents**	RMB58.9 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2013

	2013 RMB'000	2012 RMB'000
Profit for the year	**81,130**	520,262
Other comprehensive income for the year (after tax)		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,556**	(11,196)
Total comprehensive income for the year attributable to owners of the Company	**82,686**	509,066

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15(a)	**2,829,639**	1,920,034
– Interests in leasehold land held for own use under operating leases	16	**253,884**	223,197
Long-term prepaid rentals	17	**1,402,303**	986,595
Deposits paid for acquisition of fixed assets	18	**241,949**	275,600
		4,727,775	3,405,426
Current assets			
Inventories	20	**61,592**	47,085
Biological assets	21	**40,893**	121,163
Current portion of long-term prepaid rentals	17	**122,792**	40,018
Trade and other receivables	22	**90,329**	59,159
Bank deposits with maturity over 3 months		**18,119**	33,749
Cash and cash equivalents	23	**422,632**	1,683,456
		756,357	1,984,630
Current liabilities			
Due to a director	24	**8,088**	8,148
Trade and other payables	25	**96,856**	130,654
Income tax payable	26(a)	**23,613**	30,110
Convertible bonds	27	**1,370,487**	1,313,528
		1,499,044	1,482,440
Net current (liabilities)/assets		**(742,687)**	502,190
Total assets less current liabilities		**3,985,088**	3,907,616
Non-current liabilities			
Deferred tax liabilities	26(b)	**70,876**	76,090
Net assets		**3,914,212**	3,831,526
Capital and reserves	28		
Share capital		**92,236**	92,236
Reserves		**3,821,976**	3,739,290
Total equity attributable to owners of the Company		**3,914,212**	3,831,526

Approved and authorised for issue by the board of directors on 31 July 2013.

Sun Shao Feng
Director

Nie Xing
Director

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

STATEMENT OF FINANCIAL POSITION

At 30 April 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15(b)	**452**	579
Investment in subsidiaries	19	**225,732**	227,389
		226,184	227,968
Current assets			
Trade and other receivables	22	**1,798,585**	1,802,501
Bank deposits with maturity over 3 months		**–**	33,749
Cash and cash equivalents	23	**52,433**	23,025
		1,851,018	1,859,275
Current liabilities			
Due to a director	24	**8,088**	8,148
Trade and other payables	25	**63,015**	1,280
Convertible bonds	27	**1,370,487**	1,313,528
		1,441,590	1,322,956
Net current assets		**409,428**	536,319
Total assets less current liabilities		**635,612**	764,287
Non-current liabilities			
Deferred tax liabilities	26(b)	**–**	5,214
Net assets		**635,612**	759,073
Capital and reserves	28		
Share capital		**92,236**	92,236
Reserves		**543,376**	666,837
Total equity attributable to owners of the Company		**635,612**	759,073

Approved and authorised for issue by the board of directors on 31 July 2013.

Sun Shao Feng
Director

Nie Xing
Director

The accompany notes from an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2013

	Attributable to owners of the Company								
	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 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	–
Dividend approved in respect of previous year	–	–	–	–	–	–	–	(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
As at 1 May 2012	92,236	702,532	205,190	14,694	25,586	46,108	(121,291)	2,866,471	3,831,526
Exchange differences on translation into presentation currency	–	–	–	–	–	–	1,556	–	1,556
Profit for the year	–	–	–	–	–	–	–	81,130	81,130
Total comprehensive income for the year	–	–	–	–	–	–	1,556	81,130	82,686
Profit appropriation to PRC statutory reserve	–	–	13,052	–	–	–	–	(13,052)	–
Transfer to retained profits upon lapse of share options	–	–	–	–	(444)	–	–	444	–
As at 30 April 2013	**92,236**	**702,532**	**218,242**	**14,694**	**25,142**	**46,108**	**(119,735)**	**2,934,993**	**3,914,212**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2013

	2013		2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
Cash generated from operations		**604,332**		1,113,575
PRC enterprise income tax paid		**(108,310)**		(162,935)
Net cash generated from operating activities		**496,022**		950,640
Investing activities				
Payment for purchase of fixed assets	**(1,140,514)**		(682,430)	
Payments of long-term prepaid rentals	**(601,025)**		(288,645)	
Refund of long-term prepaid rentals	**–**		52,150	
Proceeds from disposals of a subsidiary, net of cash disposed	**–**		28,583	
Decrease in bank deposits with maturity over 3 months	**15,630**		30,982	
Interest received	**6,138**		19,601	
Net cash used in investing activities		**(1,719,771)**		(839,759)
Financing activities				
Payments for redemption of convertible bonds	**–**		(41,216)	
Interest paid	**(38,646)**		(38,646)	
Dividend paid	**–**		(48,010)	
Net cash used in financing activities		**(38,646)**		(127,872)
Net decrease in cash and cash equivalents		**(1,262,395)**		(16,991)
Cash and cash equivalents at 1 May		**1,683,456**		1,711,631
Effect of foreign exchange rate changes		**1,571**		(11,184)
Cash and cash equivalents at 30 April		**422,632**		1,683,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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 Room 4120-24, 41/F Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, respectively. The majority shareholder of the Company is Capital Mate Limited, a company incorporated in British Virgin Islands.

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

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. All values are rounded to nearest thousand (RMB'000) except otherwise indicated.

The principal accounting policies are set out below.

Basis of preparation

In preparing the consolidated financial statements, the Directors of the Company have given consideration to the future liquidity of the Group. The convertible bonds with an outstanding amount of approximately RMB1,370,487,000 had been matured on 12 April 2013 (the "Convertible Bonds 2013"). Due to the maturity of the Convertible Bond 2013, the Group had net current liabilities of approximately RMB742,687,000 as at 30 April 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

On 1 May 2013, the Company issued a consent solicitation memorandum (the "Consent Solicitation Memorandum") which contemplated, among other things, the payment of an agreed cash payment (the "Cash Payment") and the issue of two tranches of new bonds (the "New Bonds") to the bondholders (collectively, the "Proposed Restructuring Plan") in consideration of the bondholders approving the cancellation of the amount of principal, premium or interest or the equivalent amount or US dollar equivalent payable in respect of the Convertible Bonds 2013 by way of an extraordinary resolution.

The principal purpose of the Consent Solicitation Memorandum is to seek the consent of the bondholders to, by way of the second bondholders' resolution, renounce and extinguish each bondholder's rights (including, without limitation, all rights under statute and common law) with respect to the payment of principal, premium and interest and the delivery of shares of the Company to such bondholder, pursuant to the original terms and conditions and the original trust deed (the "Original Trust Deed") that constitutes the Convertible Bonds 2013 and accordingly, pursuant to paragraph 16.9.2 of Schedule 3 to the Original Trust Deed, authorises and approves the cancellation of the amount of principal, premium or interest payable in respect of the Convertible Bonds 2013 (the "Bond Cancellation"), subject to the receipt by the bondholders in respect of each RMB100,000 in principal amount of the Convertible Bonds 2013:

(a) the aggregate of:

  (i) RMB40,000 in principal amount of US Dollar settled 7.00 per cent. secured convertible bonds due 2016, convertible into common shares of the Company (the "7.00 per cent. 2016 Bonds");

  (ii) RMB40,000 in principal amount of US Dollar settled 10.00 per cent. secured convertible bonds due 2016, convertible into common shares of the Company (the "10.00 per cent. 2016 Bonds"); and

  (iii) a cash amount of RMB26,387.74, and;

(b) the default interest amounting to RMB394.44 for each Convertible Bonds 2013 in the principal of RMB100,000 payable on the bonds.

The total outstanding principal amount of the 7.00 per cent. 2016 Bonds to be issued is approximately RMB515,280,000 and the total outstanding principal amount of the 10.00 per cent. 2016 Bonds to be issued is approximately RMB515,280,000. The aggregate amount of Cash Payment to be paid in respect of all the Convertible Bonds 2013 is approximately RMB339,927,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

On 13 May 2013, the bondholders passed an extraordinary resolution binding on all bondholders and the trustee (the "Extraordinary Resolution") to approve, among other things, the Proposed Restructuring Plan. As of the date of approval of these financial statements, the Group has paid approximately USD16,207,000 for the Cash Payment.

Notwithstanding the above, the Group is taking measures to tighten cost controls over various costs and to seek new investment and business opportunities with an aim to attaining profitable and positive cash flow operations. In addition, the Group is in the process of securing necessary facilities from banks to meet the Group's working capital and financial requirements in the near future.

In light of the Proposed Restructuring Plan and measures taken by the Group above, the Directors of the Company are of the view that the Group has a realistic probability of successfully repaying the Convertible Bonds 2013. Accordingly, the financial statements have been prepared on a going concern basis. However, if the Proposed Restructuring Plan and measures taken by the Group mentioned above become unsuccessful, the Group may not be able to repay the Convertible Bonds 2013 and its other obligations as and when they become due. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their realisable amounts, to provide for any further liabilities which might arise and to reclassify certain assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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, unless the investment is classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

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

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

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

Buildings	$3^1/_3$%-6% p.a. or over the term of the lease if shorter
Infrastructure on cultivation bases	5%-20% p.a.
Leasehold improvements	5%-20% p.a.
Machinery	5%-10% p.a.
Furniture, fixtures and office equipment	5%-20% p.a.
Motor vehicles	20%-30% p.a.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amount due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets represent loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits paid, prepayments and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

(a) significant financial difficulty of the issuer or counterparty; or

(b) default or delinquency in interest or principal payments; or

(c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(d) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of within 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Financial liabilities (including trade payables, accruals, deposits received and other payables, amount due to a shareholder and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and subsequently all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective interest method (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Biological assets (continued)

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.

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, 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.

Convertible bonds

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible bonds (continued)

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.

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.

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognised when the liability to pay the related dividends is recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

– 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(iii) Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(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.

Segment reporting

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 May 2012.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfer of Financial Assets

The Directors anticipate that the application of these new and revised HKFRSs has no material impact on the results and the financial position of the Group.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements 2009 – 2011 Cycle[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of items in Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets[3]
HKAS 39 (Amendments)	Novation of derivatives and continuation of half accounting[2]
HK(IFRIC) – Int 20	Stripping Costs in Production Phase of Surface Mine[2]
HK(IFRIC) – Int 21	Levies[3]
HKFRS 1 (Amendments)	Government Loan[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

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

New and revised HKFRSs in issue but not yet effective (continued)

[1] Effective for annual periods beginning on or after 1 July 2012.

[2] Effective for annual periods beginning on or after 1 January 2013.

[3] Effective for annual periods beginning on or after 1 January 2014.

[4] Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for the classification and measurement of financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either 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 accounting 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.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. 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 presentation 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 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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

New and revised HKFRSs in issue but not yet effective (continued)

Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments to HKFRSs include:

The amendments to HKAS 16 clarify that spare parts, standby equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments will have a significant effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendment will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would 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:

	2013	2012
	RMB'000	RMB'000
Fresh produce and processed products	**660,773**	1,200,291
Branded beverage products	**1,280,335**	1,058,486
Branded food products and others	**242,989**	289,373
	2,184,097	2,548,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

5. OTHER REVENUE

	2013 RMB'000	2012 RMB'000
Interest income on financial assets not at fair value through profit or loss		
– interest income from banks	**6,138**	16,279
Other trading income	**–**	777
Rental income	**808**	–
Sundry income	**184**	656
	7,130	17,712

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2013 RMB'000	2012 RMB'000
(a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible bonds	**105,947**	98,631
– interest on matured convertible bonds	**6,773**	–
Less: interest expense capitalised into construction-in-progress*	**(10,950)**	(10,601)
	101,770	88,030

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

	2013 RMB'000	2012 RMB'000
(b) Staff costs		
Contributions to defined contribution retirement plans	**10,566**	11,073
Salaries, wages and other benefits	**163,768**	193,348
	174,334	204,421

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

6. PROFIT BEFORE TAXATION (continued)

	2013 RMB'000	2012 RMB'000
(c) Other items		
Amortisation of land lease premium (Note 16)	**5,576**	7,136
Amortisation of long-term prepaid rentals (Note 17)	**102,543**	52,317
Depreciation of property, plant and equipment (Note 15(a))	**226,468**	218,395
Operating lease charges: minimum lease payments – property rentals	**2,851**	4,628
Research and development expenses	**44,651**	44,585
Auditor's remuneration – audit services	**2,056**	983
Cost of inventories sold	**1,450,799**	1,415,031
Net foreign exchange gain	**–**	(2,779)
Loss on disposal of property, plant and equipment	**28**	1,963
Loss on redemption of convertible bonds	**–**	1,110

7. INCOME TAX

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

	2013 RMB'000	2012 RMB'000
Current tax – Enterprise Income Tax in the PRC		
Provision for the year (Note 26(a))	**101,813**	167,547
Deferred tax		
Origination and reversal of temporary differences (Note 26(b))	**(5,227)**	8,937
	96,586	176,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

7. INCOME TAX (continued)

(a) Income tax in the consolidated statement of comprehensive income 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 2013 and 2012 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:

	2013		2012	
	RMB'000	%	RMB'000	%
Profit before taxation	177,716		696,746	
Notional tax on profit before taxation, calculated at rates applicable to profits in the countries concerned	54,922	30.9	168,747	24.2
Tax effect of operating loss of Group companies not subject to income tax	20,833	11.7	23,438	3.4
Tax effect of non-taxable income	(11,135)	(6.3)	(12,026)	(1.7)
Tax effect of profit exempted from income tax as a result of tax benefit	(20,771)	(11.7)	(49,696)	(7.1)
Withholding tax on profits distributable by the PRC subsidiaries	–	–	14,833	2.1
Tax effect of unused tax losses not recognised	32,187	18.1	10,040	1.4
Tax effect of non-deductible expenses	20,550	11.6	21,148	3.0
Taxation charge	96,586	54.3	176,484	25.3

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 2013				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director					
Sun Shao Feng	–	1,849	10	155	2,014
Executive director					
Nie Xing	–	943	6	79	1,028
Independent non-executive directors					
Hu Ji Rong	54	–	–	–	54
Zheng Baodong	54	–	–	–	54
Huang Zhigang	54	–	–	–	54
	162	2,792	16	234	3,204

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8. DIRECTORS' REMUNERATION (continued)

	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
Chief executive officer and executive director					
Sun Shao Feng	–	1,903	8	90	2,001
Executive directors					
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

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 2013 and 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with highest emoluments, two (2012: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2012: three) individuals are as follows:

	2013	2012
	RMB'000	RMB'000
Salaries and other emoluments	**1,901**	2,178
Discretionary bonuses	**130**	129
Retirement scheme contributions	**36**	31
	2,067	2,338

The emoluments of the three (2012: three) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2013	2012
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-811,700	**2**	3
1,000,001-1,500,000	811,701-1,217,550	**1**	–
		3	3

(b) Senior management of the Company

The emoluments of the senior management of the Company are within the following bands:

		Number of individuals	
		2013	2012
HK$	**RMB equivalents**		
Nil-1,000,000	Nil-811,700	**–**	2
1,000,001-1,500,000	811,701-1,217,550	**1**	–
		1	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

There were no amounts paid to the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 30 April 2013 and 2012.

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of RMB119,103,000 (2012: RMB136,003,000) 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:

	2013 **RMB'000**	2012 RMB'000
Amount of consolidated loss attributable to owners dealt with in the Company's financial statements	**(119,103)**	(136,003)
Interim dividends from subsidiaries attributable to the profits of the current financial year, approved during the year	**–**	–
Company's loss for the year (Note 28(a))	**(119,103)**	(136,003)

11. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2013 (2012: nil).

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 RMB81,130,000 (2012: RMB520,262,000) and the weighted average number of 884,035,540 ordinary shares (2012: 884,035,540 ordinary shares) in issue during the year.

(i) Profit attributable to owners of the Company

	2013 **RMB'000**	2012 RMB'000
Profit attributable to owners of the Company used to determine diluted earnings per share	**81,130**	520,262

(ii) Weighted average number of ordinary shares

	2013 **Number of ordinary shares**	2012 Number of ordinary shares
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	**884,035,540**	884,035,540

(b) Diluted earnings per share

Diluted earnings per share for the years ended 30 April 2013 and 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 years ended 30 April 2013 and 2012, the computation of diluted earnings per share did not assume the conversion of the Company's outstanding convertible bonds since such conversion would result in an increase in diluted earnings per share.

13. EMPLOYEE RETIREMENT BENEFITS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

13. EMPLOYEE RETIREMENT BENEFITS (continued)

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

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

For the year ended 30 April 2013, the Group's retirement plan contributions amounted to approximately RMB10,566,000 (2012: RMB11,073,000).

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 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 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

30 April 2013

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 2013 and 2012 is set out below.

	Fresh produce and processed products		Branded beverage products		Branded food products and others		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB’000	RMB’000	**RMB’000**	RMB’000	**RMB’000**	RMB’000	**RMB’000**	RMB’000
Revenue from external customers	**660,773**	1,200,291	**1,280,335**	1,058,486	**242,989**	289,373	**2,184,097**	2,548,150
Inter-segment revenue	**47,438**	6,725	**–**	–	**–**	–	**47,438**	6,725
Reportable segment revenue	**708,211**	1,207,016	**1,280,335**	1,058,486	**242,989**	289,373	**2,231,535**	2,554,875
Reportable segment profit	**77,860**	475,839	**214,479**	285,496	**41,107**	75,696	**333,446**	837,031
Interest income	**4,263**	12,957	**836**	1,262	**14**	419	**5,113**	14,638
Depreciation and amortisation	**219,273**	195,262	**75,440**	42,062	**22,259**	21,085	**316,972**	258,409
Income tax	**25,690**	72,610	**64,535**	72,506	**11,588**	22,170	**101,813**	167,286
Reportable segment assets	**2,750,451**	3,687,225	**2,252,001**	1,076,549	**182,007**	243,976	**5,184,459**	5,007,750
Additions to non-current assets during the year	**269,612**	624,490	**1,493,161**	192,647	**261**	10	**1,763,034**	817,147
Reportable segment liabilities	**19,171**	29,889	**86,241**	95,308	**5,992**	3,468	**111,404**	128,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

14. SEGMENT REPORTING (continued)

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

	2013 RMB'000	2012 RMB'000
Revenue		
Reportable segment revenue	**2,231,535**	2,554,875
Elimination of inter-segment revenue	**(47,438)**	(6,725)
Consolidated turnover	**2,184,097**	2,548,150
Profit or loss		
Reportable segment profit derived from Group's external customers	**333,446**	837,031
Finance costs	**(101,770)**	(88,030)
Finance income	**1,025**	1,641
Gain on disposal of a subsidiary	**–**	327
Other revenue	**885**	1,433
Unallocated depreciation and amortisation	**(17,615)**	(19,439)
Unallocated head office and corporate expenses	**(38,255)**	(35,107)
Loss on redemption of convertible bonds	**–**	(1,110)
Consolidated profit before taxation	**177,716**	696,746

	2013 RMB'000	2012 RMB'000
Assets		
Reportable segment assets	**5,184,459**	5,007,750
Unallocated head office and corporate assets:		
– Fixed assets	**211,096**	229,112
– Bank deposit with maturity over 3 months	**18,119**	33,749
– Cash and cash equivalents	**58,939**	108,206
– Other assets	**11,519**	11,239
Consolidated total assets	**5,484,132**	5,390,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

14. SEGMENT REPORTING (continued)

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

	2013 RMB'000	2012 RMB'000
Liabilities		
Reportable segment liabilities	**111,404**	128,665
Convertible bonds	**1,370,487**	1,313,528
Income tax payable	**–**	30,110
Deferred tax liabilities	**70,876**	76,090
Unallocated head office and corporate liabilities	**17,153**	10,137
Consolidated total liabilities	**1,569,920**	1,558,530

(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	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
The PRC (place of domicile)				
– Sales to import/export companies in the PRC (i)	**260,396**	822,597		
– Sales to other customers in the PRC	**1,923,701**	1,725,553		
	2,184,097	2,548,150	**4,727,775**	3,405,426

(d) Information about major customers

For the year ended 30 April 2013, the Group's revenue included sales to the Group's three most significant customers amounting to approximately RMB115,503,000 (2012: RMB223,000,000), RMB107,088,000 (2012: RMB161,171,000) and RMB88,442,000 (2012: RMB125,546,000) 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 2013 and 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings (Note i)	Infrastructure on cultivation bases	Leasehold improvement	Machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction-in-progress (Note ii)	Total
Cost:								
At 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 and 1 May 2012	560,239	781,330	80,173	927,891	29,116	10,165	189,782	2,578,696
Exchange realignment	–	–	–	–	(5)	–	–	(5)
Additions	3,168	34,264	–	9,122	593	149	1,088,808	1,136,104
Transfer	–	–	–	3,869	–	–	(3,869)	–
Disposals	–	–	–	(42)	(130)	(6)	–	(178)
At 30 April 2013	563,407	815,594	80,173	940,840	29,574	10,308	1,274,721	3,714,617
Accumulated depreciation and impairment loss:								
At 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 and 1 May 2012	79,902	309,600	28,313	222,872	14,057	3,918	–	658,662
Exchange realignment	–	–	–	–	(2)	–	–	(2)
Charge for the year	27,594	98,296	7,284	89,062	3,073	1,159	–	226,468
Written back on disposals	–	–	–	(40)	(110)	–	–	(150)
At 30 April 2013	107,496	407,896	35,597	311,894	17,018	5,077	–	884,978
Carrying amount:								
At 30 April 2013	**455,911**	**407,698**	**44,576**	**628,946**	**12,556**	**5,231**	**1,274,721**	**2,829,639**
At 30 April 2012	480,337	471,730	51,860	705,019	15,059	6,247	189,782	1,920,034

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:

	2013 **RMB'000**	2012 RMB'000
Construction cost of building structure	**501,067**	160,928
Cost of machinery pending installation	**31,154**	28,854
Infrastructure on cultivation bases	**742,500**	–
	1,274,721	189,782

During the reporting period, the addition of construction cost of building structure mainly located in Quanzhou City, Zhang Pu County and Tianmen City. The capital expenditure of infrastructure on cultivation bases included developing the road work, water supply, drainage system and for soil improvement of the farmland which stated in Note 17.

(b) The Company

	Furniture, fixtures and office equipment RMB'000
Cost:	
At 1 May 2011	603
Exchange realignment	(16)
Additions	621
Disposals	(500)
At 30 April 2012 and 1 May 2012	708
Exchange realignment	(5)
Additions	11
At 30 April 2013	714
Accumulated depreciation:	
At 1 May 2011	428
Exchange realignment	(12)
Charge for the year	115
Written back on disposals	(402)
At 30 April 2012 and 1 May 2012	129
Exchange realignment	(2)
Charge for the year	135
At 30 April 2013	262
Carrying amount:	
At 30 April 2013	**452**
At 30 April 2012	579

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

The Group

	2013 RMB'000	2012 RMB'000
Cost:		
At 1 May	**254,268**	299,064
Additions	**36,999**	14,552
Disposal of a subsidiary	**–**	(59,348)
At 30 April	**291,267**	254,268
Accumulated amortisation:		
At 1 May	**25,925**	19,778
Amortisation for the year (Note 6(c))	**5,576**	7,136
Disposal of a subsidiary	**–**	(989)
At 30 April	**31,501**	25,925
Carrying amount:		
At 30 April	**259,766**	228,343

As at 30 April 2013, the non-current portion of interests in leasehold land held for own use under operating leases is approximately RMB253,884,000 (2012: RMB223,197,000).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 32 years. The movement of the long-term prepaid rentals is summarised as follows:

	2013 **RMB'000**	2012 RMB'000
Cost:		
At 1 May	**1,361,607**	1,128,962
Additions	**601,025**	288,645
Disposal	**–**	(56,000)
At 30 April	**1,962,632**	1,361,607
Accumulated amortisation:		
At 1 May	**334,994**	295,742
Amortisation for the year (Note 6(c))	**102,543**	52,317
Written back on disposal	**–**	(13,065)
At 30 April	**437,537**	334,994
Carrying amount:		
At 30 April	**1,525,095**	1,026,613

Analysis of long-term prepaid rentals is as follows:

	2013 **RMB'000**	2012 RMB'000
Non-current portion	**1,402,303**	986,595
Current portion	**122,792**	40,018
Carrying amount at 30 April	**1,525,095**	1,026,613

On 8 October 2012, the Group entered into a lease agreement of 32 years and 2 months and a lease agreement of 31 years and 2 months with Huian Lu Shang Trading Limited ("Huian Lu Shang") and Hubei Tianmen Huixing Trading Limited ("Hubei Tianmen"). In respect of the lease agreement, the Group has paid the first instalment to Huian Lu Shang and Hubei Tianmen of RMB400,000,000 and RMB200,000,000 respectively. The two parcels of farmland covering in area of 150,000 mu in aggregate in Jilin Province Baicheng City for the purpose of cultivating produce for the Group's mult-grain food and beverage business. For the detail, please refer to the Company's circular dated 16 May 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. DEPOSITS PAID FOR ACQUISITION OF FIXED ASSETS

The Group

	2013 RMB'000	2012 RMB'000
Deposits paid for acquisition of interests in leasehold land held for own use under operating lease	**39,667**	–
Deposits paid for acquisition of property, plant and equipment	**202,282**	275,600
	241,949	275,600

19. INVESTMENTS IN SUBSIDIARIES

The Company

	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost		
At 1 May	**227,389**	233,685
Exchange realignment	**(1,657)**	(6,296)
At 30 April	**225,732**	227,389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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
Indirect subsidiaries:						
China Green Foods Group Co., Ltd. (Note (i))	The PRC	HK$250,000,000	100%	–	100%	Investment holding
China Green (Jiangxi) Food Science Technique Limited (Note (i))	The PRC	HK$40,000,000	100%	–	100%	Sales of agricultural products
China Green (Fujian) Food Import & Export Co. Limited (Note (ii))	The PRC	HK$11,680,000	100%	–	100%	Trading of agricultural products
China Green Resources (Xiamen) Sales Company Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Sales of beverage 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%	Processing and sales of agricultural products
Zhonglu (Fujian) Food Industry Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Processing and sales of agricultural products
Zhonglu (Hebei) Food Development Limited (Note (ii))	The PRC	US$1,446,000	100%	–	100%	Processing and sales of agricultural products
Zhonglu (Hubei) Food Development Limited (Note (ii))	The PRC	RMB10,000,000	100%	–	100%	Processing and sales of agricultural products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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
Indirect subsidiaries: (continued)						
Zhonglu (Quanzhou) Green Foods Development Co., Ltd. (Note (ii))	The PRC	HK$175,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Hubei) Industry Development Limited (Note (i))	The PRC	HK$200,000,000	100%	–	100%	Growing, processing and sales of agricultural products
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
China Green (Tianmen) Beverages Science and Technology Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Processing and sales of beverage products
China Green Hebei Beverages Beverages Science and Technology Development Limited (Note (iii))	The PRC	RMB30,000,000	100%	–	100%	Processing and sales of beverage products
China Green (Fuyang) Beverages Science and Technology Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Processing and sales of beverage products
China Green (Baicheng) Beverages Development Limited (Note (iii))	The PRC	RMB 20,000,000	100%	–	100%	Processing and sales of beverag products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

19. INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

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

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

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

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

20. INVENTORIES

The Group

Inventories represent the following:

	Notes	2013 RMB'000	2012 RMB'000
Raw materials	(i)	**15,113**	17,309
Agricultural materials	(ii)	**11,969**	157
Consumable and packing materials	(iii)	**22,182**	8,671
Work-in-progress	(iv)	**13**	6,711
Finished goods		**12,315**	14,237
		61,592	47,085

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

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21. BIOLOGICAL ASSETS

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

	2013 RMB'000	2012 RMB'000
At 1 May	**121,163**	104,749
Gain arising from changes in fair value less costs to sell	**217,276**	393,544
Increase due to plantation	**220,280**	272,596
Decrease due to harvest	**(517,826)**	(649,726)
At 30 April	**40,893**	121,163

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

	2013 RMB'000	2012 RMB'000
Vegetables	**24,444**	108,547
Fruit	**16,449**	12,616
	40,893	121,163

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

	2013 RMB'000	2012 RMB'000
At fair value less costs to sell	**40,893**	121,163

Vegetables and fruit were stated at fair value less costs to sell as at 30 April 2013 and 2012. 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 2013

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:**

	2013		2012	
	Quantity (tons)	RMB'000	Quantity (tons)	RMB'000
Vegetable and rice	270,912	502,684	345,239	632,110
Fruit	9,319	15,142	9,093	17,616
	280,231	517,826	354,332	649,726

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Amounts due from subsidiaries	–	–	1,792,097	1,795,965
Trade receivables	46,528	27,892	–	–
Other receivables	1,346	4,667	–	–
Loans and receivables	47,874	32,559	1,792,097	1,795,965
Rental and other deposits	840	452	405	408
Interest in leasehold land hold for own use under operating leases	5,882	5,147	–	–
Prepayment				
– to suppliers	20,552	863	–	–
– to others	11,131	10,151	6,083	6,128
Value added tax recoverable	4,050	9,987	–	–
	90,329	59,159	1,798,585	1,802,501

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

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Of the trade receivables balance at the end of the year of approximately RMB 3,100,000 (30 April 2012: approximately RMB 9,800,000) is due from the Group's largest customer. The other customers who represent more than 5% of the total balance of trade receivables were approximately RMB 2,900,000 and RMB 2,700,000 respectively (30 April 2012: approximately RMB 2,800,000 and RMB 2,400,000 respectively). There no other customers who represent more than 5% of the total balance of trade receivables for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	
	2013	2012
	RMB'000	RMB'000
Within 1 month	**25,868**	27,892
Over 1 month but within 3 months	**20,660**	–
	46,528	27,892

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

(b) Trade receivables that are not impaired

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

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

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing analysis of these trade receivables are as follows:

	The Group	
	2013	2012
	RMB	RMB
Over 1 month but within 3 months	**20,660**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group

	2013 RMB'000	2012 RMB'000
Cash at bank	**422,362**	1,683,136
Cash on hand	**270**	320
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**422,632**	1,683,456

The Company

	2013 RMB'000	2012 RMB'000
Cash at bank	**52,433**	23,025
Cash and cash equivalents in the statement of financial position	**52,433**	23,025

Included in the cash and bank balances at the ended of the reporting period were amounts in RMB of approximately RMB365,586,000 (2012: approximately RMB1,548,640,000) which not freely convertible into other currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

23. CASH AND CASH EQUIVALENTS (continued)

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

	The Group	
	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before taxation	**177,716**	696,746
Adjustments for:		
Amortisation of land lease premium	**5,576**	7,136
Amortisation of long-term prepaid rentals	**102,543**	52,317
Depreciation of property, plant and equipment	**226,468**	218,395
Loss on disposal of property, plant and equipment	**28**	1,963
Gain on refund of long-term prepaid rentals	**–**	(9,215)
Gain on disposal of a subsidiary	**–**	(327)
Gain on changes in fair value less costs to sell biological assets	**(23,455)**	(77,044)
Interest income	**(6,138)**	(16,279)
Interest expenses	**101,770**	88,030
Loss on redemption of convertible bonds	**–**	1,110
	584,508	962,832
Changes in working capital:		
(Increase)/decrease in inventories	**(14,507)**	3,411
Decrease in biological assets	**103,725**	60,630
(Increase)/decrease in trade and other receivables	**(30,434)**	31,648
Decrease in amount due to a director	**(60)**	(225)
(Decrease)/increase in trade and other payables	**(38,900)**	55,279
Cash generated from operations	**604,332**	1,113,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

23. CASH AND CASH EQUIVALENTS (continued)

(c) Non-cash transactions:

During the reporting period, the Group entered into the following non-cash investing activity which is not reflected in the consolidated statement of cash flows:

1. In the current year, the addition of property, plant and equipment of approximately RMB43,994,000 which has been paid in previous year and accounted in deposits paid for acquisition of fixed assets.

24. DUE TO A DIRECTOR

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

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Amount due to a subsidiary	**–**	–	**54,698**	301
Trade payables	**32,769**	44,284	**–**	–
Accrued salaries and wages	**8,202**	14,276	**–**	–
Payable for acquisition of fixed assets	**1,126**	1,944	**–**	–
Other accruals and payables	**40,927**	27,236	**8,317**	979
Financial liabilities measured at amortisation cost	**83,024**	87,740	**63,015**	1,280
Receipts in advance	**3,804**	21,457	**–**	–
Other taxes payable	**10,028**	21,457	**–**	–
	96,856	130,654	**63,015**	1,280

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

	The Group	
	2013 RMB'000	2012 RMB'000
Within 1 month	**32,769**	39,234
Over 1 month but within 3 months	**–**	5,050
	32,769	44,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	The Group	
	2013	2012
	RMB'000	RMB'000
At 1 May	**30,110**	25,498
Provision for the PRC Enterprise Income Tax for the year (Note 7(a))	**101,813**	167,547
Tax paid during the year	**(108,310)**	(162,935)
At 30 April	**23,613**	30,110

(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 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 and 1 May 2012	70,876	5,214	76,090
Exchange realignment	13	–	13
Charged/(credited) to profit or loss (Note 7(a))	(13)	(5,214)	(5,227)
At 30 April 2013	70,876	–	70,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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 2011	11,082
Credited to profit or loss	(5,868)
At 30 April 2012 and 1 May 2012	5,214
Credited to profit or loss	(5,214)
At 30 April 2013	–

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 2013, deferred tax liabilities of approximately RMB70,876,000 (2012: RMB70,876,000) 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 (2012: RMB193,078,000) have not been recognised, as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Company's PRC subsidiaries for the year from 1 January 2008 to 30 April 2013 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2013.

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB115,303,000 (2012: RMB42,550,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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 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 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.

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

27. CONVERTIBLE BONDS (continued)

For the year ended 30 April 2012, the Company repurchased the Convertible Bonds with principal amount of RMB61,800,000 at HK$49,983,000 (approximately RMB41,216,000), and a loss of approximately RMB1,118,000 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.

During the year ended 30 April 2013, the interest expenses charged for the Convertible Bonds was approximately RMB105,974,000 (2012: RMB98,631,000) and the interest paid for the Convertible Bonds was approximately RMB38,646,000 (2012: 38,646,000).

The Convertible Bonds has been matured on 12 April 2013 so as to cause the bonds to become immediately due and payable.

On 1 May 2013, the Company issued a consent solicitation memorandum (the "Consent Solicitation Memorandum") which contemplated, among other things, the payment of an agreed cash payment (the "Cash Payment") and the issue of two tranches of new bonds (the "New Bonds") to the bondholders (collectively, the "Proposed Restructuring Plan") in consideration of the bondholders approving the cancellation of the amount of principal, premium or interest or the equivalent amount or US dollar equivalent payable in respect of the Convertible Bonds by way of an extraordinary resolution.

The principal purpose of the Consent Solicitation Memorandum is to seek the consent of the bondholders to, by way of the second bondholders' resolution, renounce and extinguish each bondholder's rights (including, without limitation, all rights under statute and common law) with respect to the payment of principal, premium and interest and the delivery of shares of the Company to such bondholder, pursuant to the original terms and conditions and the original trust deed (the "Original Trust Deed") that constitutes the Convertible Bonds and accordingly, pursuant to paragraph 16.9.2 of Schedule 3 to the Original Trust Deed, authorises and approves the cancellation of the amount of principal, premium or interest payable in respect of the Convertible Bonds (the "Bond Cancellation"), subject to the receipt by the bondholders in respect of each RMB100,000 in principal amount of the Convertible Bonds:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

27. CONVERTIBLE BONDS (continued)

(a) the aggregate of:

(i) RMB40,000 in principal amount of US Dollar settled 7.00 per cent. secured convertible bonds due 2016, convertible into common shares of the Company (the "7.00 per cent. 2016 Bonds");

(ii) RMB40,000 in principal amount of US Dollar settled 10.00 per cent. secured convertible bonds due 2016, convertible into common shares of the Company (the "10.00 per cent. 2016 Bonds"); and

(iii) a cash amount of RMB26,387.74, and;

(b) the default interest amounting to RMB394.44 for each Convertible Bonds in the principal of RMB100,000 payable on the bonds.

The total outstanding principal amount of the 7.00 per cent. 2016 Bonds to be issued is approximately RMB515,280,000 and the total outstanding principal amount of the 10.00 per cent. 2016 Bonds to be issued is approximately RMB515,280,000. The aggregate amount of Cash Payment to be paid in respect of all the Convertible Bonds is approximately RMB339,927,000.

On 13 May 2013, the bondholders passed an extraordinary resolution binding on all bondholders and the trustee (the "Extraordinary Resolution") to approve, among other things, the Proposed Restructuring Plan. As of the date of approval of these financial statements, the Group has paid approximately USD16,207,000 for the Cash Payment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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 2011		92,236	702,532	294,402	34,210	48,320	(249,744)	22,278	944,234
Exchange differences on translation into presentation currency overseas subsidiaries		–	–	–	–	–	(22,800)	–	(22,800)
Loss for the year		–	–	–	–	–	–	(136,003)	(136,003)
Total comprehensive income 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		–	–	–	–	–	–	(48,010)	(48,010)
Effect of early redemption of Convertible Bonds		–	–	–	–	(2,212)	–	23,864	21,652
At 30 April 2012 and 1 May 2012		92,236	702,532	294,402	25,586	46,108	(272,544)	(129,247)	759,073
Exchange differences on translation into presentation currency		–	–	–	–	–	(4,358)	–	(4,358)
Loss for the year		–	–	–	–	–	–	(119,103)	(119,103)
Total comprehensive income for the year		–	–	–	–	–	(4,358)	(119,103)	(123,461)
Transfer to retained profits upon lapse of share options		–	–	–	(444)	–	–	444	–
At 30 April 2013		92,236	702,532	294,402	25,142	46,108	(276,902)	(247,906)	635,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

28. CAPITAL AND RESERVES (continued)

(b) Share Capital

(i) Authorised and issued share capital

	Number of Ordinary Shares of HK$0.10 each	Nominal value	RMB equivalent
	'000	HK$'000	RMB'000
Authorised:			
At 1 May 2011, 30 April 2012, 1 May 2012 and 30 April 2013	2,000,000	200,000	212,000
Issued and fully paid:			
At 1 May 2011, 30 April 2012, 1 May 2012 and 30 April 2013	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	2013 Number of share options	2012 Number of share options
19 April 2007 to 11 December 2013	HK$3.50	**2,412,000**	3,003,000
30 May 2008 to 11 December 2013	HK$7.29	**8,400,000**	8,400,000
		10,812,000	11,403,000

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.

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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

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 2013, the reserves of the Company was not available for distribution (2012: nil). In addition, the Company's share premium account, in the amount of approximately RMB702,532,000 at 30 April 2013 (2012: RMB702,532,000), may be distributed in the form of fully paid bonus shares.

(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.

28. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

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 2013, the Group's strategy, which was unchanged from the last year, was to maintain the adjusted net debt-to-equity ratio at the lower end by having sufficient cash and cash equivalents over total debt and proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The net debt-to-equity ratio at 30 April 2013 and 2012 was as follows:

		The Group		The Company	
		2013	2012	**2013**	2012
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Trade and other payables	25	**96,856**	130,654	**63,015**	1,280
Due to a director	24	**8,088**	8,148	**8,088**	8,148
Convertible bonds	27	**1,370,487**	1,313,528	**1,370,487**	1,313,528
Total debt		**1,475,431**	1,452,330	**1,441,590**	1,322,956
Less: Cash and cash equivalents	23	**(422,632)**	(1,683,456)	**(52,433)**	(23,025)
Net debt/(cash)		**1,052,799**	(231,126)	**1,389,157**	1,299,931
Total equity	28	**3,914,212**	3,831,526	**635,612**	759,073
Adjusted net debt-to-equity ratio		**27%**	N/A	**219%**	171%

The adjusted net debt-to-equity ratio of the Company was over 100% as at 30 April 2013 and 2012. 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.

28. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(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 2013

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	2013		2012	
	Weighted average exercise price	**Number of options '000**	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	**HK$6.29**	**11,403**	HK$6.43	16,677
Lapsed during the year	**HK$3.50**	**(591)**	HK$6.73	(5,274)
Outstanding at the end of the year	**HK$6.44**	**10,812**	HK$6.29	11,403
Exercisable at the end of the year	**HK$6.44**	**10,812**	HK$6.29	11,403

The options outstanding at 30 April 2013 had an exercise price of HK$3.50 or HK$7.29 (30 April 2012: HK$3.50 or HK$7.29) and a weighted average remaining contractual life of 0.62 years (2012: 1.62 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.

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 2013

30. DISPOSAL OF SUBSIDIARIES

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 HK$34,958,000 (equivalent to approximately RMB28,590,000).

	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 China Green Foods Group Co. Ltd	(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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, 6.6% (2012: 35.1%) and 26.7% (2012: 53.8%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

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

The following table shows the remaining contractual maturities at the 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

2013

	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	8,088	8,088	8,088	–	–
Trade and other payables	83,024	83,024	83,024	–	–
Convertible bonds	1,370,487	1,370,487	1,370,487	–	–
	1,461,599	1,461,599	1,461,599	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The Group (continued)

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	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	–	–

The Company

2013

	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	**8,088**	**8,088**	**8,088**	**–**	**–**
Trade and other payables	**63,015**	**63,015**	**63,015**	**–**	**–**
Convertible bonds	**1,370,487**	**1,370,487**	**1,370,487**	**–**	**–**
	1,441,590	**1,441,590**	**1,441,590**	**–**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The Company (continued)

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	–	–

(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 2013, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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

	2013 (expressed in RMB)	
	RMB	**USD**
	'000	**'000**
Cash and cash equivalents	–	**51,197**
Bank deposits with maturity over 3 months	–	**18,119**
Trade and other receivables	–	–
Trade and other payables	–	–
Convertible bonds	**(1,370,487)**	–
Overall net exposure	**(1,370,487)**	**69,316**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

	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

The Company

	2013 (expressed in RMB)	
	RMB	**USD**
	’000	**’000**
Cash and cash equivalents	**–**	**49,883**
Bank deposits with maturity over 3 months	**–**	**–**
Trade and other receivables	**–**	**–**
Due from the subsidiaries	**704,365**	**–**
Convertible bonds	**(1,370,487)**	**–**
Overall net exposure	**(666,122)**	**49,883**

	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 the subsidiaries	772,971	–
Convertible bonds	(1,313,528)	–
Overall net exposure	(540,557)	53,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

During the year ended 30 April 2013, 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 RMB65,000,000 (2012: RMB72,200,000). 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 2012.

(e) Fair values

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transaction as input. For an option-based derivative, the fair value is estimated using option pricing model.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate to their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Fair values (continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Company has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

There were no transfers between levels 1 and 2 in both years.

(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, amount due to a director, and trade and other payables are estimated to approximate their fair values based on the nature or short-term maturities of these instruments.

(ii) Convertible bonds

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

(iii) Biological assets

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

32. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group at 30 April 2013 not provided for in the financial statements were as follows:

	2013	2012
	RMB'000	RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**431,103**	46,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

32. COMMITMENTS (continued)

(b) Operating lease commitments

The Group as lessess

At 30 April 2013, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2013	2012
	RMB'000	RMB'000
The Group		
Within one year	**39,775**	31,141
After one year but within five years	**550,925**	125,224
After five years	**1,772,000**	346,520
Total	**2,362,700**	502,885
The Company		
Within one year	**1,608**	1,462
After one year but within five years	**594**	2,003
Total	**2,202**	3,465

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 32 years, with an option to renew the lease when all terms are renegotiated.

The Group as lessor

As the end of the reporting period, the Group had entered with tenants for the following future minimum lease payments:

	2013	2012
	RMB'000	RMB'000
Within one year	**1,200**	–
After one year but within five years	**1,030**	–
Total	**2,230**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

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:

	2013	2012
	RMB'000	RMB'000
Short-term employee benefits	**5,219**	5,174
Post-employment benefits	**52**	38
	5,271	5,212

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

(b) Transactions with other related parties

Save as disclosed elsewhere in the financial statements, 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.

34. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Impairments (continued)

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

(b) Depreciation

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

(c) Write-down of inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 April 2013

34. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(f) Going concern

As mentioned in Note 2 to the consolidated financial statements, the directors are satisfied that the Group will be able to meet its financial obligations in full as and when they fall due in the foreseeable future. As the directors are confident that the Group will be able to continue in operational existence in the foreseeable future, the consolidated financial statements have been prepared on a going concern basis.

If the going concern basis is not appropriate, adjustment would have to be made to provide for any further liabilities which might arise. Such adjustments may have a significant consequential effect on the loss for the year and net assets of the Group.

35. EVENTS AFTER THE REPORTING PERIOD

(a) On 21 March 2013, the Company entered into the subscription agreement between Partner Shanghai Limited (the "Subscriber") for the subscription of 226,553,576 shares at HK$1.34 per share. The Company further announced that pursuant to a letter date 7 June 2013 from the Subscriber to the Company, the Company is informed that the Subscriber is considering delaying the completion of the subscription agreement due to the Company is investigating by Securities and Futures Commission. Please refer to the Company's circular and announcements on 26 March 2013 and 9 June 2013 respectively.

On 23 June 2013, the Company and the Subscriber have agreed on a non-binding term sheet regarding a proposal to replace the subscription agreement, as amended, with a loan (the "Proposed Loan") on a without prejudice and subject to contract basis. Prior to the signing of the Proposed Loan documentation, the subscription agreement shall remain valid and enforceable and both parties shall reserve their rights thereunder. Please refer to the Company's announcement dated 23 June 2013 for details.

(b) On 13 May 2013, the Company announced the second bondholders' resolution which was duly passed at the second bondholders' meeting. Please refer to note 27 to the financial statements and the Company's announcements for the details of the second consent solicitation.

36. CONTINGENT LIABILITIES

As at 30 April 2013, the Group and the Company had no contingent liabilities (30 April 2012: Nil).

37. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 July 2013.

FINANCIAL SUMMARY

For the year ended 30 April

	For the year ended 30 April				
	2009	2010	2011	2012	**2013**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Turnover	1,547,659	1,900,784	2,234,620	2,548,150	**2,184,097**
Gross profit	800,114	1,000,374	1,119,353	1,133,119	**733,298**
Profit before taxation	495,746	691,120	595,625	696,746	**177,716**
Profit attributable to owners	454,925	575,996	458,802	520,262	**81,130**
Non-current assets	1,981,990	2,101,549	2,827,194	3,405,426	**4,727,725**
Current assets	1,599,456	3,248,111	2,039,798	1,984,630	**756,357**
Current liabilities	(94,235)	(966,625)	(135,728)	(1,482,440)	**(1,499,044)**
Non-current liabilities	(914,382)	(1,312,611)	(1,382,446)	(76,090)	**(70,876)**
Shareholders' equity	2,572,829	3,070,424	3,348,818	3,831,526	**3,914,212**
Basic earnings per share (RMB)	0.515	0.652	0.519	0.589	**0.092**