



FUTURE PROSPECTS

Looking forward, the Group will start with the integration of cultivation, processing and sale of green products, and continue to uphold the management principles of “modesty and pragmatism, continuous advancement and innovation, crisis management and joint development”. It is the Group’s operation policy to insist on “integrity and faith”, to be market-oriented and customer-based, to create higher value for the customers with high quality and efficient services, and to achieve self-enhancement. With modern management principles, well-established operation mechanism and extraordinary core strength, the ability to continuously create and leverage its competitive edges in the course of intense market competition, the Group is to enhance its international profile and take up a leading position in the domestic food products industry, hence becoming a “green” international conglomerate!

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Finance resources

The Group generally finances its operation with internally generated cash flows. As at 31 October 2004, the Group had bank balance and cash of approximately RMB380,752,000 of which approximately RMB208,842,000 were denominated in Renminbi and approximately RMB124,493,000 were denominated in Hong Kong dollars.

Most of the income and expenses of the Group are denominated in Renminbi, U.S. dollars and Hong Kong dollars and the Group has not experienced any material difficulties on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 31 October 2004. During the period, the Group had not used any financial instruments for hedging purposes and hence there was no hedging instruments outstanding as at 31 October 2004.

Borrowings and banking facilities

The Group had no bank borrowings and hence zero gearing ratio (calculated by total bank borrowings over the total assets) as at 31 October 2004. The Group also did not have any assets charged as at 31 October 2004.

Commitments

As at 31 October 2004, the Group has outstanding contractual capital commitments of approximately RMB26,261,000 in respect of property, plant and equipment, and operating lease commitments of approximately RMB245,296,000 mainly in respect of land and building including cultivation bases.

Contingent liabilities

As at 31 October 2004, the Group had no significant contingent liabilities.