
Annual Report 2015

# CHINA CULIANGWANG BEVERAGES HOLDINGS LIMITED
# 中國粗糧王飲品控股有限公司

*(formerly known as China Green (Holdings) Limited and 中國綠色食品(控股)有限公司*)*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 904)

* For identification only

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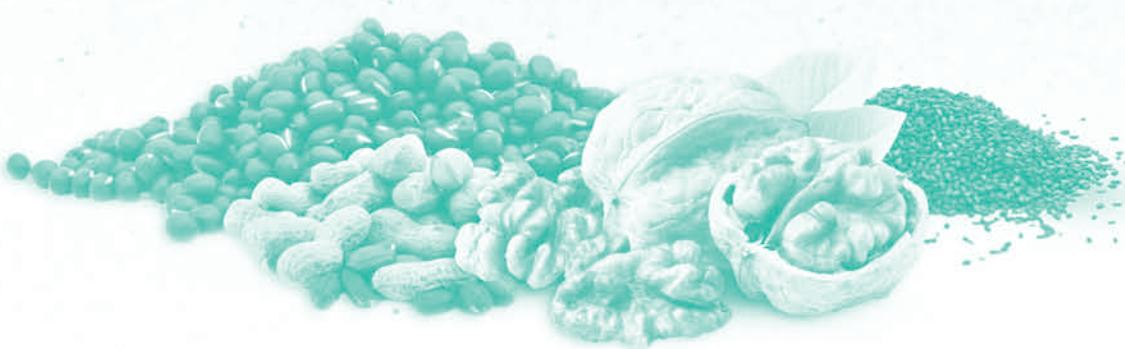

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Executive Directors:**

Mr. Sun Shao Feng
*(Chairman and Chief Executive Officer)*
Mr. Chen Changgai

**Independent Non-Executive Directors:**

Mr. Hu Ji Rong
Mr. Wei Xiongwen
Mr. Zeng Shaoxiao
Ms. Yu Xiao Min

## COMPANY SECRETARY

Mr. Pang Wing Hong

## AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

## HONG KONG LEGAL ADVISERS

Leung & Lau
Shearman & Sterling

## BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1502, 15/F.
The Chinese Bank Building
61-65 Des Voeux Road Central
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## STOCK CODE

904

## INVESTOR RELATIONS CONTACT

Tel: 2598 9838
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Email: ir@chinaclw.com.hk

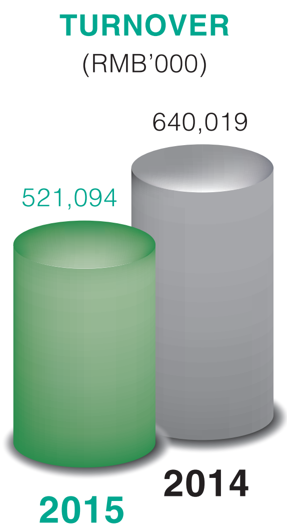
## WEBSITE

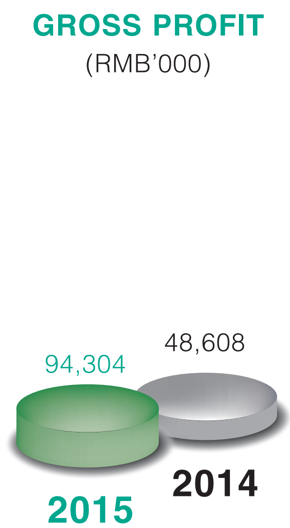
http://www.chinaclw.com.hk

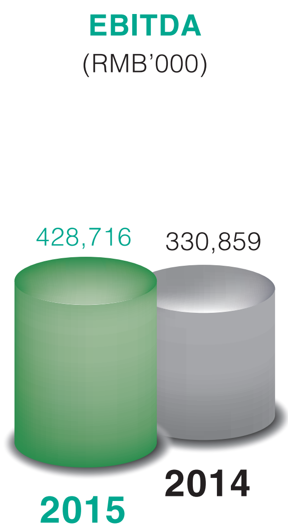
# FINANCIAL HIGHLIGHTS

| (RMB'000) | **2015** | 2014 (Note) (Restated) | Change |
|---|---|---|---|
| **Continuing Operations** | | | |
| **Turnover** | **521,094** | 640,019 | (18.6%) |
| – Fresh produce and processed products | **364,520** | 441,065 | (17.4%) |
| – Branded food products and others | **156,574** | 198,954 | (21.3%) |
| **Gross profit** | **94,304** | 48,608 | +94.0% |
| Gross Profit Margin | **18.1%** | 7.6% | +138.2% |
| Operating loss for the year from continuing operations | **(448,024)** | (667,666) | (32.9%) |
| **Discontinuing Operations** | | | |
| Operating profit for the year from discontinuing operations | **178,475** | 192,967 | (7.5%) |
| **Continuing & Discontinuing Operations** | | | |
| Loss for the year attributable to owners of the Company | **(269,549)** | (474,699) | (43.2%) |
| EBITDA (earnings before interest, income tax, depreciation and amortisation) | **428,716** | 330,859 | +29.6% |
| Basic loss per share (RMB cents) | **(16.0)** | (45.1) | |

*(Note) Branded beverages business (excluding porridge or congee and beverage products in powder form) has been classified as discontinuing operations due to the intended disposal of the business pursuant to an equity transfer agreement entered into among the Company,* 中綠（泉州）食品開發有限公司 *(Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*),* 中綠之源（廈門）貿易有限公司 *(China Green Resources (Xiamen) Sales Co., Ltd.*) and* 可口可樂飲料（上海）有限公司 *(Coca-Cola Beverages (Shanghai) Company Limited*). For more details, please refer to note 8 to the consolidated financial statements.*



# CHAIRMAN'S STATEMENT

*"Building up as an expert in multi grains and green food with healthy culture concept, becoming a creative market leading brand".*

Growing with China

## MARCO-ECONOMIC ENVIRONMENT

In 2014, the world economy still struggled for a recovery while China was in the process to adjust the overall economy structure. As a result of structural adjustment under "new norm (新常態)", China's economy maintained a steady growth in the year of 2014. According to the statistics released by the National Bureau of Statistics of China, the gross domestic products (GDP) of China in 2014 recorded a year-on-year growth rate of approximately 7.4% and the per capita consumption expenditure in China up to approximately 9.6% year-on-year, has shown a steady growth trend.

In China, the increase in living standard creates a positive demand for multi-grain related food recently and a growing room to this specific industry. Food safety is a rising concern in Chinese agriculture. The Chinese government oversees agricultural production as well as the manufacture of food packaging, containers, chemical additives, drug production and business regulation as evidenced by the Notice of Key Work Arrangement for Food Safety 2014 announced by the State Council during the year. This notice restated the needs to resolve food safety problem and safeguard the people in China. With the well establishment and development of the brand name, Culiangwang, has always put the importance role of food safety in the top priority.

## COMPANY MISSION

The mission of the Company is to develop a variety of multi-grain products with safety procedures from the origin to end production and creates a strong brand "Culiangwang" in the food industry. We are not only making the safety food but also are the most reliable and famous brand in the food industry from upstream to downstream channels.

## OPERATING RESULTS

The Company continued to undergo the business transformation in the year of 2014/15. For the year ended 30 April 2015, our sales revenue from continuing operations of fresh produce and processed products and branded food products and others have reached approximately RMB521.1 million, representing a year-on-year reduction of 18.6% and the gross profit margin has been improved from 7.6% in 2014 to 18.1% in 2015 driven by improved product sales mix and increase in output efficiency from our own farmlands.


For the discontinuing operation of branded beverage products, our sales revenue have reached approximately RMB1,421.8 million, representing a flatted growth and the gross profit margin has been maintained at a steady level of 38.0%.

### Market Position

The Company has been continuously focusing on 3 major segments in the multi-grain industry, namely branded beverage products, fresh produce and processed products and branded food products. Our major branded beverage products are divided into 5 categories, namely Culiangwang Walnuts, Green Bean Matcha, Red Bean, Mellow Peanut and Black Sesame representing 95.7% of total beverage sales.

### Multi Grain Farmland – Baicheng City

In 2012, the Group entered into lease agreements for multi grain farmland of 200,000 mu in Baicheng City, Jilin Province, and planned for a major production base. The Group plans to make use of this production base to supply raw materials of multi grain products based on our cumulated cultivation experience and knowledge to achieve the higher degree of vertical integration. Furthermore, we will also promote the modernized and scientific mass production of multi grain products with the involvement of local people in Northeast China under the local climatic and ecological environment.

Starting from May 2015, the Group began to cultivate the multi grain products in the first phase of 50,000 mu farmland including green beans, red beans and sweet corns. We believe that the mass production of multi grain will be supplied gradually to the market in the nearly future. In addition, we further expect that output from this farmland will be supplied to the Target Company (as defined below) as per the supply agreement upon the completion of the Disposal (as defined below).

### Beverage Processing Capability

The Group has a fully operated processing plant in Quanzhou City, Fujian Province, with an annual capacity of approximately 135,000 tons in paper pack and 30,000 tons in metallic cans of beverage products. On 15 April 2015, the Company, 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*), 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd.*), each of which is an indirect wholly-owned subsidiary of the Company and 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) ("CCBSL") entered into an equity transfer agreement pursuant to which CCBSL has conditionally agreed to acquire the entire equity interest in 廈門粗粮王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd.*) (the "Target Company") and its subsidiaries (the "Disposal"). The Group planned to restructure and adjust the plants set up located in Tianmen City, Hubei Province and Wanquan County, Hebei Province. By the end of October 2015, two plants will separately install 7 sets of automated processing production lines up to required standard with annual production capacity of 132,000 tons in total.

Other than the Group's own processing capacity, the Group also sub-contracted 7 third party OEM manufacturers (2014: 8) for the branded beverage production which accounted for 55.0% of the production volume for the year ended 30 April 2015 (2014: 60.0%).

### Distribution Network

Over the past few years, the Group has established its distribution network for beverage in China and is currently working with over 1,200 distributors across China. The Group has invested heavily in its brands promotion in the previous years through different channels of advertisements such as television commercials and signboards.

## MAJOR CORPORATE EVENTS

With effect from 1 July 2014, the Company name has been changed from "China Green (Holdings) Limited" to "China Culiangwang Beverages Holdings Limited" and adopted the secondary name of "中國粗糧王飲品控股有限公司" to replace the former Chinese name "中國綠色食品(控股)有限公司" which was adopted for identification purpose only for the purpose of reflecting the Company's business development in beverage product business, with multi-grain as core materials and improve brand recognition of the Group.


Furthermore, as announced in the Company's announcement dated 17 April 2015, the Group proposed to dispose of its branded beverage products business (excluding porridge or congee and beverage products in powder form). Following the Disposal, the Company will continue with its business and strategy to shift towards a consumer product driven business, from cultivation and production of agricultural products and processing business. The Company viewed branded beverage business as the first step in implementing the Company's multi-grain strategy. The Company will continue to pursue multi-grain food and snacks business regardless of the Disposal. In addition, the Company will continue to have agricultural production and processing capability through third party owned or self-owned cultivation bases in China. Following the completion of the Disposal, the Group's financial and liquidity position will be improved.

## THE YEAR AHEAD

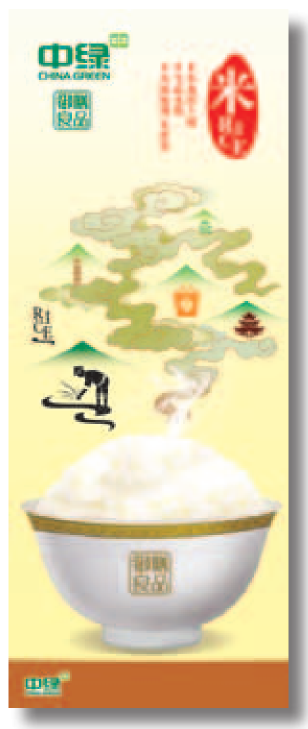
It is our determination to continue to grow the Group's profitability and build shareholders' value in the long term. The outlook for the global macro-economic growth remains mixed. In the coming year, we will expect a stable economic growth in China with continuous structural adjustments in the industry and a moderate GDP growth rate. Upon implementing economic structural adjustment gradually, we believe that there will be a steady growth in food market.

### Multi-grain strategy

Upon completion of the disposal of the beverage business, the Group will continue with its business and strategy shift towards a consumer product driven business, from the cultivation and production of agricultural products and processing business. The Group has continuously invested and specialized in health-conscious and branded food business in China, supplemented with processed food. With the increase in market demand, the improved innovation research capacity and cultivation efficiency promote the agricultural modernisation. The Group builds up a concrete plan from cultivation, processing facilities and logistic system in order to achieve a lower cost of production and higher efficiency in the supply chain. Furthermore, the Group understands well consumer insight to the market and develops the products branded, sales channel and research and development accordingly. This finally builds a supply chain in agricultural industry and multi grains diversification.

### Fresh produce and processed products

In order to better utilize agricultural production conditions and products advantageous, the Group targets at increasing the agricultural production capacity, accelerating the development of characteristic agricultural industry, building up branded agricultural, creating scientific agricultural, building up eco-tourism agricultural, multi grains industry, agricultural e-commerce platform and agricultural trading centre. The Group leads to build up a high quality, high output, high efficient, safety, ecological branded agricultural production base. The Group will take the important role as a market leader in supplying raw material, agriculture products exporting base and demonstrating as a modernised agricultural base. In addition, the Group will also enhance scientific and technological innovation and gradually established the organized market for the agricultural logistic and frozen fresh fruit processed products. This also enhances the overall market flow by integrating e-commerce and modernized logistic network.



### Branded food products

Going forward, the Group will continue to focus on multi grains products and is committed to the development of non-beverage branded consumer products business. By using our own brand, marketing channels and technological capabilities as a foundation with the continuous multi grains business, the Group will expand multi grain brand covering multi grain food and frozen food. The Group will further develop a vertical integrated chain globally and make great influences to the market and retain a good profitability as a market leader. This creates a brand belief "Green food, Choosing China Green".

## APPRECIATION

On behalf of the Board, I would like to thank the shareholders, business partners and customers for their continued support and trust. At the same time, I would like to take this golden opportunity to express our heartfelt gratitude towards all of our members of Board, the management team and staff for the loyalty, efforts and contributions over the past year.

**Sun Shao Feng**
*Chairman of the Board*
28 July 2015

## FINANCIAL HIGHLIGHTS

### Continuing Operations

#### *Sales Revenue*

The sales revenue of the Company and its subsidiaries (the "Group") decreased by approximately 18.6% to approximately RMB521.1 million (FY 2013/14: RMB640.0 million). The reduction in sales revenue was due to decrease in sales revenue of both fresh produce and processed products and branded food products and others.

#### *Gross Profit and Gross Profit Margin*

Gross profit for the year increased by approximately 94.0% to approximately RMB94.3 million (FY 2013/14: RMB48.6 million) and the gross profit margin has been improved from 7.6% in 2014 to 18.1% in 2015 driven by an improved product sales mix and increase in output efficiency from our own farmlands.

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

There is a gain from changes in fair value less costs to sell biological assets of approximately RMB5.7 million as compared with a loss of approximately RMB8.0 million for the last year. Such gain is mainly due to the increase in the prices of the agricultural fresh produces during the year under review.

#### *Operating Expenses*

Total operating expenses decreased to approximately RMB212.0 million (FY2013/14: RMB245.1 million. Selling and distribution expenses were approximately RMB30.5 million (FY2013/14: RMB31.3 million), representing a decrease of 2.6%. General and administrative expenses were approximately RMB181.5 million (FY2013/14: RMB213.8 million), representing a decrease of 15.1%, mainly due to comparatively less legal and professional fees incurred in the current year.

### Discontinuing Operations

#### *Sales Revenue*

The Group's sales revenue of branded beverage products reported a decrease to approximately RMB1,421.8 million (FY2013/14: RMB1,453.7 million).

#### *Gross profit and gross profit margin*

Gross profit of branded beverage products for the year is reported at approximately RMB540.5 million (FY 2013/14: RMB551.5 million) and the gross profit margin has been maintained at a steady level of 38.0%.

#### *Operating expenses*

Total operating expenses of branded beverage products decreased to approximately RMB269.2 million (FY 2013/14: RMB288.8 million). Selling and distribution expenses were approximately RMB233.2 million (FY2013/14: RMB239.4 million), representing a decrease of 2.6%. General and administrative expenses were approximately RMB36.0 million (FY2013/14: RMB49.4 million), representing a decrease of 27.1%, mainly due to comparatively less research and development cost spent as compared with prior year.

***EBITDA (Earnings Before Interest, Income Tax, Depreciation and Amortisation) – Continuing and discontinuing operations***

EBITDA for the year was approximately RMB428.7 million (FY2013/14: RMB330.9 million), representing an increase of 29.6% and the Group maintained EBITDA margin at an increasing and improved level.

***Loss Attributable to the Owners of the Company – Continuing and discontinuing operations***

For the year ended 30 April 2015, loss attributable to the owners of the Company was approximately RMB269.5 million, representing a year-on-year reduction in loss of 43.2% (FY2013/14: RMB474.7 million). This was a result of improved in gross profit margin, less impairment loss in respect of property, plant and equipment and reduction in operating expenses.

***Financial Position and Capital Structure***

As at 30 April 2015, the Group's total cash and cash equivalents amounted to approximately RMB141.7 million (2014: RMB294.8 million) whilst the total assets and net assets were approximately RMB5,607.7 million (2014: RMB5,545.5 million) and RMB3,489.4 million (2014: RMB3,581.8 million) respectively. The Group had current assets of RMB2,055.3 million (2014: RMB771.4 million) and current liabilities of RMB1,522.8 million (2014: RMB675.1 million). The current ratio was 1.35 times (2014: 1.14 times).

The Group's borrowings amounted to approximately RMB763.5 million (2014: RMB779.3 million) of which secured bank borrowings of approximately RMB763.5 million (2014: RMB711.8 million) and unsecured borrowings of approximately RMB298.3 million (2014: RMB67.5 million).

The Company has issued the US$ settled 7.00% secured convertible bonds due 2016 ("7.00 per cent. Bonds") and the US$ settled 10.00% secured convertible bonds due 2016 ("10.00 per cent. Bonds", together with 7.00 per cent. Bonds, "Convertible Bonds due 2016") with an outstanding principal amount of approximately RMB515,280,000 and RMB174,267,696 respectively as of 30 April 2015.

The Group also issued interest bearing notes with the carrying amounts of RMB298,342,000 in April 2015 (the "Notes"). The Notes bear interest of 19.2% per annum and will be matured in 6 months after issued. On 15 July 2015, the Company made an early redemption of the Notes before its maturity in full together with the accrued interest.

During the year under review, the Company has issued (i) 530,420,270 new shares of the Company (the "Shares") under the 2014 Open Offer (as defined below); and (ii) 395,328,000 new Shares by way of Shares Subscription (as defined below).

On 22 September 2014, the Company completed an open offer of 530,420,270 Shares at the subscription price of HK$0.25 per offer share on the basis of one offer share for every two existing Shares held on 27 August 2014 (the "2014 Open Offer"). The net proceeds of the 2014 Open Offer, after deducting the underwriting commission and other related expenses payable by the Company, were approximately HK$128.6 million, subsequently used as to approximately HK$48 million for the payment of interests of the Convertible Bonds due 2016 due in October 2014 and the remaining HK$81.6 million used as to approximately HK$58.7 million to reduce the debt level of the Group and as to approximately HK$21.9 million as general working capital of the Group which included operating expenses, payment of professional fees and loan interests. Details of the 2014 Open Offer were disclosed in the Company's announcements dated 29 July 2014 and 19 September 2014 and the Company's prospectus dated 28 August 2014.

On 24 October 2014, the Company issued and allotted 395,328,000 new Shares to a subscriber at a subscription price of HK$0.25 per Share under the specific mandate granted to the directors of the company (the "Directors") at the special general meeting of the Company held on 17 October 2014 (the "Shares Subscription"). The net proceeds from the Shares Subscription, after deducting the expenses payable by the Company, were approximately HK$98 million, subsequently used as to (i) approximately HK$30.8 million for reduction of the Group's level of debt; (ii) approximately HK$21.7 million for general working capital of the Group which included operating expenses, payment of professional fees and loan interests; and (iii) approximately HK$45.5 million for investment in the agriculture related business of the Group, as part of the subscription price paid by the Company for subscription of shares in Oriental Unicorn Agricultural Group Limited ("OUA") (now known as China Demeter Investments Limited), the issued shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Details of the Shares Subscription were disclosed in the Company's joint announcement dated 13 August 2014 and the Company's circular dated 30 September 2014.

The gearing ratio of the Group, defined as the total borrowings to the shareholders' equity, amounted to 45.4% as at 30 April 2015 as compared with 37.2% as at 30 April 2014.

### *Capital Commitments and Contingent Liabilities*

The Group has approved the expansion of existing production facilities by building new production plants.

As at 30 April 2015, the Group had contractual capital commitments of approximately RMB319.3 million (2014: RMB354.5 million).

As at 30 April 2015, 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.

### *Pledge of Group's Assets*

As at 30 April 2015, the bank deposits amounting to approximately RMB255.9 million (2014: RMB388.8 million) has been pledged to secure the Group's bank loans and banking facilities. In addition, certain property, plant and equipment with book value amounting to approximately RMB469.2 million (2014: RMB443.8 million) had been pledged to secure the Group's bank loans of RMB234 million (2014: RMB195.5 million) for the purpose of working capital.

Shares of some of the subsidiaries of the Company were charged in favour of the trustee for the benefit of the bondholders of the Convertible Bonds due 2016. For further details of the Convertible Bonds due 2016 and the said shares charges, please refer to the overseas regulatory announcement of the Company dated 14 November 2013.

### *Financial Risk Management*

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 April 2015. The revenue, operating costs and bank deposits of the Group are mainly denominated in RMB and Hong Kong dollars. As such, the Group is not exposed to any material foreign currency exchange risk.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other financial institutions authorized 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.

### *Significant Investment Held and Material Acquisitions and Disposals*

On 28 October 2014, the Company entered into two subscription agreements with OUA, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Pursuant to the subscription agreements, the Company has agreed to subscribe for 260,000,000 new ordinary shares of OUA ("OUA Shares") (the "First Tranche Subscription") and 83,000,000 new OUA Shares (the "Second Tranche Subscription") at the subscription price of HK$0.175 per OUA Share. The First Tranche Subscription was completed on 10 November 2014 and the Second Tranche Subscription was completed on 11 February 2015. The aforesaid investment in OUA Shares was classified as "available-for-sale financial assets". For details, please refer to the Company's announcement dated 28 October 2014.

On 15 April 2015, the Company, 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*), 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd.*) ("Xiamen Company"), each of which an indirect wholly-owned subsidiary of the Company, and 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) ("CCBSL") entered into an equity transfer agreement ("Equity Transfer Agreement") pursuant to which CCBSL has conditionally agreed to acquire, and the Xiamen Company has conditionally agreed to sell ("Disposal"), the entire equity interest in 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd.*) (the "Target Company"), a limited liability company incorporated in the PRC and wholly-owned by the Xiamen Company, at a consideration on the agreed enterprise value of US$400.5 million (subject to adjustments). The Disposal constituted a very substantial disposal of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and is subject to shareholders' approval at a special general meeting of the Company to be convened for considering and approving, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder.

For the purposes of the Disposal, among other parties, the parties to the Equity Transfer Agreement and the Target Company have entered into a restructuring agreement on the same date as the Equity Transfer Agreement to carry out a series of restructuring steps intended to consolidate the business of the manufacturing, marketing and sale of beverage products (but excluding porridge or congee and beverage products in powder form). As at the date of this report, the Disposal has not yet completed. Further details of each of the Equity Transfer Agreement and the restructuring agreement are disclosed in the announcement of the Company dated 17 April 2015.

Saved as disclosed above, the Group made no other significant investments, material acquisitions or disposals during the year ended 30 April 2015.

### *Staff and Remuneration Policy*

To keep pace with the growth of the Group in the future, the Group is recruiting qualified staff in capable caliber from time to time. For the year ended 30 April 2015, the number of staff and the staff remuneration of the Group were 2,380 (2014: 2,713) and approximately RMB93.6 million (2014: RMB99.2 million) respectively.

The Group's remuneration policy is reviewed periodically and remuneration is determined by reference to market trend, company results, individual qualifications and performance. Other benefits offered by the Group included statutory provident funds, year-ended bonuses, and share option to be granted to selected employees on the basis of their individual performance.

The Company adopted a share option scheme (the "Share Option Scheme") on 18 October 2013 and no options has been granted under the Share Option Scheme since its adoption.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF OPERATIONS

### Continuing Operations

During the year under review, the Group was principally engaged in two business segments, namely, fresh produce and processed products and branded food products and others and the breakdown of the revenue are as follows:

| | Year ended 30 April | |
|---|---|---|
| | **2015** | 2014 |
| | **RMB'000** | RMB'000 |
| | | (Restated) |
| **Revenue By Products** | | |
| Fresh produce and processed products | **364,520** | 441,065 |
| Branded food products and others | **156,574** | 198,954 |
| Total | **521,094** | 640,019 |

***Fresh produce and processed products***

The sales of fresh produce and processed products consisted of primarily fresh vegetables such as sweet corns, lotus roots, radish, cucumber and water melons as well as canned and frozen products. The decrease in sales of this segment is mainly due to reduction in some farmlands in use in the year under review.

***Branded food products and others***

The sales of branded food products and others mainly include rice and hotpot products sold under Group's own brand. Revenue from this segment decreased from approximately RMB199.0 million to approximately RMB156.6 million, mainly due to the less focus on hotpot products in the market during the year under review.

### Discontinuing Operations

***Branded beverage products***

The Group is currently selling over 28 different types of beverage products under its own brand "Culiangwang". Most are multi-grain focused and are tailored for the increasing health conscious demand of the domestic market.

| | Year ended 30 April | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| **Revenue By Branded Beverage Products** | | |
| Culiangwang Walnuts | **475,897** | 486,294 |
| Culiangwang Green Bean Matcha | **469,568** | 448,726 |
| Culiangwang Red Bean | **326,995** | 290,884 |
| Culiangwang Mellow Peanut | **61,912** | 34,996 |
| Culiangwang Black Sesame | **25,700** | 798 |
| Others | **61,678** | 192,021 |
| Total | **1,421,750** | 1,453,719 |

During the year, the Group continued its great effort to maintain the distribution network in selling the branded beverage products in 27 provinces and 4 cities in China.

| | Year ended 30 April | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| **Revenue By Sales Locations** | | |
| Jiangsu Province | **320,191** | 272,662 |
| Anhui Province | **169,333** | 194,082 |
| Sichuan Province | **162,861** | 128,001 |
| Guizhou Province | **98,847** | 77,187 |
| Jiangxi Province | **92,713** | 98,506 |
| Others | **577,805** | 683,281 |
| Total | **1,421,750** | 1,453,719 |

Amongst the 5 highest selling branded beverage products, representing approximately 95.7% of the total beverages sales revenue.

Out of the cost of sales, the packaging materials and raw materials represent 80% of the total costs. The Group sourced the raw materials mostly externally in the year under review and only approximately 1.1% (2014: 4.5%) of the multi-grain materials sourced from own farmlands.

The Group engaged various OEM producers in the market to produce the beverage products representing approximately 55.0% (2014: 60.0%) of the production volume of the Group.

| | Year ended 30 April | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| **By cost of sales** | | |
| Packaging materials | **306,825** | 307,746 |
| Raw materials | **393,399** | 412,260 |
| Depreciation | **49,595** | 48,172 |
| Direct labour costs | **11,447** | 11,249 |
| Fuel costs | **12,204** | 12,422 |
| Processing fee to third party OEM producers | **95,555** | 100,614 |
| Others | **12,211** | 9,760 |
| Total | **881,236** | 902,223 |

## CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the special general meeting of the Company held on 30 June 2014, the shareholders of the Company (the "Shareholders") have approved to change the name of the Company from "China Green (Holdings) Limited" to "China Culiangwang Beverages Holdings Limited" and to adopt "中國粗糧王飲品控股有限公司" as the secondary name of the Company in replacement of the former Chinese name "中國綠色食品(控股)有限公司", which was adopted for identification purpose only. With the approval of the Registrar of Companies in Bermuda, the name change of the Company became effective on 1 July 2014.

## INCREASE IN AUTHORISED SHARE CAPITAL

On 30 June 2014, the Company passed an ordinary resolution to increase its authorised share capital from HK$200,000,000 divided into 2,000,000,000 Shares of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each by the creation of an additional 1,000,000,000 unissued Shares and such Shares shall rank pari passu with all existing Shares upon issue.

## SUBSEQUENT EVENTS

### Increase in Authorised Share Capital

On 2 June 2015, the Company passed an ordinary resolution to increase its authorised share capital from HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each to HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each by the creation of an additional 7,000,000,000 unissued Shares and such Shares shall rank pari passu with all existing Shares upon issue.

**Open Offer at HK$0.20 per offer share on the basis of 2 offer shares for every one Share held on 12 June 2015**

On 8 July 2015, the Company completed an open offer of 3,974,283,592 Shares at the subscription price of HK$0.20 per offer share on the basis of two offer shares for every one Shares held on 12 June 2015 (the "2015 Open Offer"). The net proceeds of the 2015 Open Offer, after deducting the underwriting commission and other related expenses payable by the Company, were approximately HK$772.9 million, which is intended to be used as to approximately HK$400 million for the repayment in full of the Notes, further details of which are disclosed in the announcements of the Company dated 25 March 2015 and 8 April 2015. The remaining of approximately HK$372.9 million will be used as to (i) approximately HK$200 million to reduce other indebtedness of the Group, such as interest payment on the 7.00 per cent. Bonds and the 10.00 per cent. Bonds and the partial redemption of the 10.00 per cent. Bonds which will fall due in October 2015 in the aggregate amount of approximately HK$176 million, and certain outstanding short term onshore loans in the aggregate amount of approximately RMB68 million which will fall due between August and December 2015; (ii) approximately HK$100 million to strengthen and develop the fresh produce and processed products and branded food products related businesses of the Group; (iii) approximately HK$24 million for the payment of professional fees and initial costs estimated for restructuring of the Group's business in preparation of the Disposal; and (iv) approximately HK$48.9 million as general working capital and operating expenses of the Group.

As at the date of this report, except as to approximately HK$400 million has been used for the repayment of the Notes in full together with the accrued interest on 15 July 2015, and approximately HK$166.4 million has been used for the repayment of loan, the remaining net proceeds remained unutilized.

Details of the 2015 Open Offer were disclosed in the Company's announcements dated 17 April 2015 and 7 July 2015, the Company's circular dated 15 May 2015, and the Company's prospectus dated 15 June 2015.

**Termination Agreement in relation to the Master Framework and Subscription Agreement**

On 7 July 2015, the contractual parties to the master framework and subscription agreement dated 4 September 2013 made between, amongst other parties, the Company and Partner Shanghai Limited ("Partner Shanghai") in relation to, amongst other matters, the subscription of 226,553,576 Shares (as varied and amended by a novation agreement dated 20 June 2014 and made by the same parties and 紫荊控股有限公司 (Tsinghua Redbud Holding Ltd.*) (the "Master Framework and Subscription Agreement") entered into a termination agreement, pursuant to which the parties had conditionally agreed to terminate the Master Framework and Subscription Agreement.

Pursuant to the termination agreement, the Company shall pay (i) on or before 31 July 2015 an aggregate sum of the HK$ equivalent of RMB100,000,000 and all outstanding interests accrued as at the date of first repayment ("First Repayment"); and (ii) on or before the maturity date of the loan the remaining outstanding principal and interest under the loan (less the amount of the First Repayment).

The termination of the Master Framework and Subscription Agreement shall be effective on the date on which evidence of the repayment of all sums due under the funding arrangements is provided.

Details of the termination agreement were disclosed in the Company's announcement dated 7 July 2015.

## OUTLOOK

It is our determination to continue to grow the Group's profitability and build Shareholders' value in the long term. The outlook for the global macro-economic growth remains mixed. In the coming year, we will expect a stable economic growth in China with continuous structural adjustments in the industry and a moderate GDP growth rate. Upon implementing economic structural adjustment gradually, we believe that there will be a steady growth in the food market.

Following the completion of the Disposal, we will further expect the in-depth development in the multi grain related business for the coming year.

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

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 30 April 2015, 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. As it took time for the Company to identify appropriate insurance cover in respect of legal action against its Directors, the Company has yet to arrange appropriate insurance cover in respect of legal action against its Directors for the year ended 30 April 2015. The Company subsequently arranged appropriate insurance cover in respect of legal action against its Directors and senior officers on 15 June 2015 (covering the period from 15 June 2015 to 14 June 2016).

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman and chief executive officer should be divided. Mr. Sun Shao Feng, the chairman of the Company (the "Chairman"), currently performs the Chief Executive Officer (the "CEO") role. The board of Directors (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 caliber 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. Mr. Hu Ji Rong ("Mr. Hu"), an independent non-executive Director and Mr. Zheng Baodong ("Mr. Zheng"), a former independent non-executive Director resigned on 18 August 2014, are not appointed for a specific term, but are subject to retirement from office by rotation in accordance with the bye-laws of the Company (the "Bye-laws").

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. Wei Xiongwen and Mr. Hu, independent non-executive Directors, and Mr. Zheng did not attend two special general meetings of the Company both held on 30 June 2014 due to dealing with their own official engagement. In addition, Mr. Wei Xiongwen, Mr. Hu and Mr. Zeng Shaoxiao, the independent non-executive Directors, did not attend the annual general meeting (the "2014 AGM") and the special general meeting of the Company both held on 17 October 2014 due to dealing with their own official engagement.

Code provision C.1.2 of the CG Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate.

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. Hu, the chairman of each of the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and corporate governance committee (the "CG Committee") of the Company, and Mr. Zeng Shaoxiao, the chairman of the nomination committee (the "Nomination Committee") of the Company, did not attend the 2014 AGM due to the reason stated above.

Save as the aforesaid and in the opinion of the Directors, the Company has met all the code provisions set out in the CG Code during the year ended 30 April 2015.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that, all Directors have complied with the required standards as set out in the Model Code throughout the year ended 30 April 2015.

## 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 strategy of the Group, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, 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 six Directors including two executive Directors and four independent non-executive Directors representing a majority of the Board:

**Executive Directors**
Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Chen Changgai

**Independent Non-executive Directors**
Mr. Hu Ji Rong
Mr. Wei Xiongwen
Mr. Zeng Shaoxiao
Ms. Yu Xiao Min

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 existed 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 31 to 32 under the section headed "Directors and Senior Management".

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 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 2015 to the Company.

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 2015 is set out below:

| Name of Director | | (i) Attending or participating in seminars/workshops; or (ii) Working in technical committee relevant to the Group's business/directors' duties; or (iii) reading materials to regulatory update |
|---|---|---|
| Mr. Sun Shao Feng | | ✓ |
| Mr. Chen Changgai | | ✓ |
| Mr. Wei Xiongwen | | ✓ |
| Mr. Hu Ji Rong | | ✓ |
| Mr. Zeng Shaoxiao | (Appointed on 18 August 2014) | ✓ |
| Ms. Yu Xiao Min | (Appointed on 1 July 2015) | N/A |

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 Officer

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

### Independent Non-executive Directors

The four independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of law, accounting, scientific research and development, and has extensive international business network. 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/her independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

Mr. Hu Ji Rong, an independent non-executive Director, was not appointed for a specific term, but he is subject to retirement by rotation in accordance with the Bye-laws. Mr. Wei Xiongwen, Mr. Zeng Shaoxiao and Ms. Yu Xiao Min, the independent non-executive Directors, were appointed for a term of 2 years and subject to retirement by rotation in accordance with the Bye-laws.

### Attendance Records

| | Number of attendance | | | | | |
|---|---|---|---|---|---|---|
| **Name of Directors** | **Board Meetings** | **General Meetings** | **Audit Committee's Meetings** | **Nomination Committee's Meetings** | **Remuneration Committee's Meetings** | **Corporate Governance Committee's Meeting** |
| **Executive Directors:** | | | | | | |
| Mr. Sun Shao Feng *(Chairman and CEO)* | 13/13 | 2/4 | - | - | - | - |
| Mr. Chen Changgai | 13/13 | 4/4 | - | 2/2 | 2/2 | - |
| **Independent Non-executive Directors:** | | | | | | |
| Mr. Wei Xiongwen | 13/13 | 0/4 | 2/2 | 2/2 | 2/2 | 1/1 |
| Mr. Hu Ji Rong | 13/13 | 0/4 | 2/2 | 2/2 | 2/2 | 1/1 |
| Mr. Zeng Shaoxiao *(appointed on 18 August 2014) (Note 1)* | 6/6 | 0/2 | 1/1 | N/A | N/A | N/A |
| Mr. Zheng Baodong *(resigned on 18 August 2014) (Note 2)* | 7/7 | 0/2 | 1/1 | 2/2 | 2/2 | 1/1 |
| Ms. Yu Xiao Min *(appointed on 1 July 2015)* | N/A | N/A | - | - | - | - |

*Notes:*

1. Mr. Zeng Shaoxiao was appointed as an independent non-executive Director, the chairman and a member of the Nomination Committee and a member of each of the Audit Committee, the Remuneration Committee and the CG Committee on 18 August 2014. His attendance above has stated by reference to the relevant meetings held during his tenure.

2. Mr. Zheng Baodong resigned as an independent non-executive Director and ceased to be the chairman and a member of the Nomination Committee and a member of each of the Audit Committee, the Remuneration Committee and the CG Committee on 18 August 2014. His attendance above has stated by reference to the relevant meetings held during his tenure.

### 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.

During the financial year ended 30 April 2015, the Board held 13 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.

Board minutes are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection by the Directors. Every Board members are 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 upon reasonable request.

### General Meetings

During the financial year ended 30 April 2015, 4 general meetings of the Company were held, being 2 special general meetings both held on 30 June 2014, the 2014 AGM held on 17 October 2014, and a special general meeting held on 17 October 2014 respectively.

The Board is responsible for maintaining an on-going dialogue with the Shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

## AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as chairman), Mr. Wei Xiongwen and Mr. Zeng Shaoxiao.

The terms of reference of the Audit Committee adopted by the Board are aligned with the code provisions set out in the CG Code, and are 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 2015, the Audit Committee held 2 meetings.

## NOMINATION COMMITTEE

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

The Nomination Committee currently consists of three independent non-executive Directors and an executive Director, namely Mr. Zeng Shaoxiao (as chairman), Mr. Hu Ji Rong, Mr. Wei Xiongwen and Mr. Chen Changgai.

The terms of reference of the Nomination Committee adopted by the Board is aligned with the code provisions set out in the 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 diversity 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 the Chairman and CEO.

The Board adopted on 2 September 2013 a board diversity policy (the "Board Diversity Policy") and delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors. The Board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will discuss and review the measurable objectives for implementing the Board Diversity Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will also review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. After assessing the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee considered that the existing Board were suitably qualified with professional backgrounds and/or equipped with extensive expertise for the purposes of providing direction to and oversight of the Group's strategic and business in achieving its objectives.

During the financial year ended 30 April 2015, the Nomination Committee held 2 meetings to assess the independence of the independent non-executive Directors, to consider the re-election of Directors, and to consider the proposed nomination of Director.

## REMUNERATION COMMITTEE

The Remuneration Committee currently consists of three independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as chairman), Mr. Wei Xiongwen, Mr. Zeng Shaoxiao and Mr. Chen Changgai.

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

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 2015, the Remuneration Committee held 2 meetings for reviewing the remuneration packages of the Directors and senior management, and recommending the remuneration of the proposed Director.

The Company has adopted a Share Option Scheme on 18 October 2013. The purpose of the Share Option Scheme is to enable the Board to grant options to selected eligible participants to motivate them and to optimize their performance and efficiency for the benefit of the Group. Details of the Share Option Scheme are set out in the Directors' Report. The 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 notes 9 and 10 to the consolidated financial statements.

The remuneration of the senior management (comprising Directors) of the Company for the year ended 30 April 2015, by band is set out below:

| Remuneration Band | Number of individuals |
|---|---|
| Nil to HK$1,000,000 | 8 |
| HK$1,000,001 to HK$2,000,000 | 3 |
| HK$2,000,001 to HK$3,000,000 | 1 |

Further details of the Directors' remuneration for the year ended 30 April 2015 are disclosed in note 9 to the consolidated financial statements.

## CORPORATE GOVERNANCE COMMITTEE

The CG Committee comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as chairman), Mr. Wei Xiongwen and Mr. Zeng Shaoxiao.

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

During the financial year ended 30 April 2015, 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.

## AUDITORS' REMUNERATION

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

| Services rendered | Fee paid/payable |
|---|---|
| | RMB'000 |
| Audit services | 1,742 |
| Non-audit services (Note) | 700 |
| | 2,442 |

Note: the non-audit services comprised (i) open offer; (ii) top-up placing and subscription; and (iii) tax advisory services.

## COMPANY SECRETARY

Mr. Pang Wing Hong ("Mr. Pang") was appointed as the chief financial officer of the Company and the Company Secretary on 1 April 2015. The biographical details of Mr. Pang are set out on page 32 under the section headed "Directors and Senior Management".

According to the Rule 3.29 of the Listing Rules, Mr. Pang had taken no less than 15 hours of relevant professional training for the financial year ended 30 April 2015.

## 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.

### Shareholders to convene a special general meeting

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

### Putting enquiries by Shareholders to the Board

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.

### Procedures for putting forward proposals by Shareholders at general 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.

## CONSTITUTIONAL DOCUMENTS

There is no significant change in the Company's constitutional documents during the year.

## 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 reports to all Shareholders;
- Publication of announcements on the annual and interim results on the websites of the Stock Exchange and the Company, 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 its 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 2015, 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 2015, 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.

## EXECUTIVE DIRECTORS

**Mr. Sun Shao Feng (孫少鋒)**, aged 50, is the Chairman, CEO and founder of the Group since its establishment. He is also an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules and director of several subsidiaries of the Company. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He graduated in July 2002 from Correspondence College of the Central School of the Communist Party of China (中共中央黨校函授學院) majoring in Economics and Management. He 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」) ("Forum") and the "2009 China Agricultural Economics Industry Elite Ceremony" (「二零零九中國農經產業傑出人物頒獎典禮」) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum.

**Mr. Chen Changgai (陳昌概)**, aged 35, was appointed as an executive Director on 25 November 2013. Mr. Chen is also the general manager of finance and the executive vice president of the Group, mainly responsible for managing the Group's finance. Mr. Chen graduated from Wuhan University of Technology with a bachelor's degree in accounting. Mr. Chen joined the Group in 2001 and held various positions including accountant, finance manager, deputy chief financial officer and assistant to the president of the Group, mainly responsible for managing the Group's accounts and tax filings. Mr. Chen has managing and finance experiences for over 15 years. He is also a member of each of the Remuneration Committee and the Nomination Committee.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Hu Ji Rong (胡繼榮)**, aged 58, was appointed as an independent non-executive Director on 6 September 2002. 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 the chairman of each of the Audit Committee, the Remuneration Committee and the CG Committee, and a member of the Nomination Committee.

# DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wei Xiongwen (魏雄文)**, aged 47, was appointed as an independent non-executive Director on 26 August 2013. Mr. Wei graduated from the law faculty of Peking University (now known as 'Peking University Law School') in 1988 and was awarded a bachelor's degree in laws. In 2005, he was awarded a degree of executive master of business administration by The City University London, Sir John CASS Business School. In 1989, Mr. Wei was awarded the qualification of China Lawyer practising in corporate finance, financial and capital markets, project finance, mergers and acquisitions and foreign direct investment. He is currently a partner and the head of lawyers of 上海創遠律師事務所 (Shanghai Chong Yuan Law Firm). He is also a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee.

**Mr. Zeng Shaoxiao (曾紹校)**, aged 34, was appointed as an independent non-executive Director on 18 August 2014. Mr. Zeng graduated and received his master and doctorate degree in Fujian Agriculture and Forestry University, major in storage and processing of agricultural products. Currently, Mr. Zeng is a member of professors committee of College of Food Science and the dean of Nutrition and Food Safety department of Fujian Agriculture and Forestry University, a director of Fujian Institute of Food Science and Technology, executive director of Fujian Food Additive Association, peer review expert of National Natural Science Foundation of China. Mr. Zeng has been engaged in researches in fruit and vegetable processing, starch chemistry and function, evaluation of food safety and function, and he has been a visiting scholar of The University of Georgia for one year. In recent years, he is the major cooperator in one research program supported by Natural Science Foundation of China and two provincial research projects, and participates in several national and provincial research projects. He is also the chairman of the Nomination Committee, and a member of each of the Audit Committee, the Remuneration Committee and the CG Committee.

**Ms. Yu Xiao Min (庾曉敏)**, aged 46, was appointed as an independent non-executive Director on 1 July 2015. Ms. Yu has extensive international business network and substantial management experience, particularly in manufacturing and distribution of timber, agricultural, consumer and industrial goods in the PRC, Southeast Asia, North and South America. Ms. Yu was awarded the "Outstanding Entrepreneur of Guangdong Province" by the Guangdong Provincial Executive Association of Entrepreneurs. Ms. Yu is currently the chairlady of the board of directors and an executive director of China Asean Resources Limited, a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange. She holds a master's degree in business administration.

## SENIOR EXECUTIVES

**Mr. Pang Wing Hong (彭永康)**, aged 44, is the chief financial officer, company secretary and an authorised representative of the Company pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Rule 3.05 of the Listing Rules. Mr. Pang holds a Bachelor of Business Administration degree, majoring in professional accountancy, from The Chinese University of Hong Kong and a Master of Business Administration degree from The University of Adelaide, Australia. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Pang has over 20 years' solid experience in financial management, accounting, auditing and corporate finance with strong comprehension of the China and international markets.

**Mr. Chen Qian (陳謙)**, aged 44, is the vice president of marketing of the Group. Mr. Q Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範高等專科學校) in 1992 and obtained a master degree from Renmin University of China (中國人民大學) in 2004. Prior to joining the Group, he served in various positions at a number of companies, including officer, section chief, head of sub-division, vice general manager and acting general manager, and has over 10 years of working experience in sales management.

**Mr. Lin Bing Wen (林炳文)**, aged 46, is the deputy general manager of cultivation division. He joined the Group in January 2001. Prior to joining the Group, Mr. Lin was the personin-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 40, is the deputy general manager of cultivation division. Ms. BL Chen has been a member of the Group since August 1998 and had been mainly responsible for business development, sales and marketing activities of the Group. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996.

**Mr. Chen Wen Zhong (陳文忠)**, aged 53, 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. WZ Chen has strong experience in the on-site management of agricultural cultivation and processing.

**Mr. Zhang Zhi Qin (張志勤)**, aged 51, is the vice president of the Group and general manager of food research and development center, responsible for supply chain management, research and development and quality control. He is a senior engineer and obtained a bachelor of Food Engineering. He was a committee member of the Assessment Committee of Senior Positions of High Technology Officers of Xiamen and a 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”.

# DIRECTORS' REPORT

The Directors are pleased to present to the Shareholders the annual report and audited financial statements of the Group for the financial year ended 30 April 2015.

## CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the special general meeting of the Company held on 30 June 2014, the Shareholders have approved to change the name of the Company from "China Green (Holdings) Limited" to "China Culiangwang Beverages Holdings Limited" and to adopt "中國粗糧王飲品控股有限公司" as the secondary name of the Company in replacement of the former Chinese name "中國綠色食品(控股)有限公司", which was adopted for identification purpose only. With the approval of the Registrar of Companies in Bermuda, the name change of the Company became effective on 1 July 2014.

## INCREASE IN AUTHORISED SHARE CAPITAL

On 30 June 2014, the Company passed an ordinary resolution to increase its authorised share capital from HK$200,000,000 divided into 2,000,000,000 Shares of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each by the creation of an additional 1,000,000,000 unissued Shares and such Shares shall rank pari passu with all existing Shares upon issue.

On 2 June 2015, the Company passed an ordinary resolution to increase its authorised share capital from HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each to HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each by the creation of an additional 7,000,000,000 unissued Shares and such Shares shall rank pari passu with all existing Shares upon issue.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investments holding. The activities of its subsidiaries are set out in note 21 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 30 April 2015 by business segments is set out in note 15 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results for the financial year ended 30 April 2015 are set out in the consolidated statement of profit or loss on page 48.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2015 (2014: Nil).

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 35 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 54. Details of movements in the reserves of the Company during the year are set out in note 35 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 16 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

The Company's contributed surplus in the amount of approximately 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 2015, the reserves of the Company were not available for distribution (2014: Nil).

## 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

During the year under review, the Company made a mandatory redemption on the 10.00 per cent. Bonds, which are listed on the Singapore Exchange Securities Trading Limited, in the aggregate principal amount of RMB220,655,778 in accordance with the terms and conditions of the 10.00 per cent. Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2015.

# DIRECTORS' REPORT

## DIRECTORS

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

**Executive Directors**
Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Chen Changgai

**Independent Non-executive Directors**

| | |
|---|---|
| Mr. Hu Ji Rong | |
| Mr. Wei Xiongwen | |
| Mr. Zeng Shaoxiao | (Appointed on 18 August 2014) |
| Mr. Zheng Baodong | (Resigned on 18 August 2014) |
| Ms. Yu Xiao Min | (Appointed on 1 July 2015) |

## INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, 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 2015 annual general meeting of the Company 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.

## DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors subsequent to the date of interim report 2014/2015 is set out below:

### Changes in Directors' emoluments

| Name of Directors | Revised Directors' annual remuneration (HK$'000) | Effective date |
|---|---|---|
| Mr. Sun Shao Feng | 7,288.1 *(in his capacity as the Chairman, CEO, executive Director and the executive president of a subsidiary of the Company)* | 1 July 2015 |
| Mr. Chen Changgai | 2,567.5 *(in his capacity as executive Director, the executive vice president of the Company and the executive vice president of a subsidiary of the Company)* | 1 July 2015 |
| Mr. Hu Ji Rong | 130 | 1 July 2015 |
| Mr. Wei Xiongwen | 130 | 1 July 2015 |
| Mr. Zeng Shaoxiao | 130 | 1 July 2015 |

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 31 to 33.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2015, 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, notified to the Company and the Stock Exchange 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 | Interest of controlled corporation | Long position | 610,911,000 *(Note)* | 30.75% |

*Note:* These 610,911,000 Shares owned by Capital Mate Limited ("Capital Mate"), a company incorporated in the British Virgin Islands with limited liability and is an entity controlled by Mr. Sun Shao Feng, an executive Director, the Chairman and the CEO.

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 purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants including director, employee or any participants who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds any equity interest as incentives or rewards for their contributions to the Group.

The principal terms of the Share Option Scheme are as follows:

(i) The total number of Shares which may be issued and allotted upon exercise of all options to be granted under the Share Option 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 Share Option Scheme, i.e. 18 October 2013 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.

(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 not later than 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 restrictions on the exercise of the option as the Board think appropriate, an option may be exercised within a period (which may not be later than 10 years from the date of offer of option) to be determined and notified by the Board to the grantee thereof and, in the absence of such determination, from the date of offer to the earlier of (i) the date on which such option lapses under Share Option Scheme; and (ii) 10 years from the date of offer of option.

(vi) The Share Option Scheme remains valid for a period of 10 years commencing on 18 October 2013.

No share options have been granted under the Share Option Scheme since its adoption.

The total number of Shares available for issue under the Share Option Scheme is 88,403,554, representing approximately 1.48% of the issued Shares as at the date of this report.

With the substantial increase of the issued share capital of the Company subsequent to the date of the Share Option Scheme, a resolution will be proposed at the forthcoming annual general meeting of the Company to refresh the mandate limit of the Share Option Scheme (the "Refreshment") so as to allow the Company to restore the available number of options to sufficient level (after being diluted by the substantial increase of the issued share capital of the Company as aforesaid) and to maintain the flexibility to grant options under the Share Option Scheme to motivate such other eligible participants to continue to contribute to the success of the Group. Details of the Refreshment is set out in the circular of the Company dated 13 August 2015.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

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 2015, 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 as recorded in the register required to be kept under section 336 of the SFO.

### Interests and short position in Shares and underlying Shares

| Name | Capacity | Position | Number of Shares and underlying Shares held | Approximate percentage of shareholding in the Company (Note 1) |
|---|---|---|---|---|
| Capital Mate (Note 3) | Beneficial owner | Long position | 610,911,000 | 30.75% |
| Oriental Patron Securities Limited | Beneficial owner | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |
| Perfect Field Holdings Limited | Beneficial owner | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |
| OP Financial Group Limited | Beneficial owner | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |
| Oriental Patron Financial Services Group Limited | Interest in controlled corporation | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |
| Oriental Patron Financial Group Limited | Interest in controlled corporation | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |
| Zhang Gaobo | Interest in controlled corporation | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |

| Name | Capacity | Position | Number of Shares and underlying Shares held | Approximate percentage of shareholding in the Company (Note 1) |
|---|---|---|---|---|
| Zhang Zhi Ping | Interest in controlled corporation | Long position | 1,650,000,000 (Note 4) | 27.69% (Note 2) |
| SBI China Capital Financial Services Limited | Interest in controlled corporation | Long position | 1,087,855,620 (Note 5) | 18.25% (Note 2) |
| Long Vehicle Capital Limited | Interest in controlled corporation | Long position | 1,087,855,620 (Note 5) | 18.25% (Note 2) |
| Zhang Xiongfeng | Interest in controlled corporation | Long position | 1,087,855,620 (Note 5) | 18.25% (Note 2) |
| Probest Limited | Interest in controlled corporation | Long position | 1,087,855,620 (Note 5) | 18.25% (Note 2) |
| Cao Guoqi | Interest in controlled corporation | Long position | 1,087,855,620 (Note 5) | 18.25% (Note 2) |
| Jun Yang Securities Co. Ltd. | Other | Long position | 1,022,110,409 (Note 6) | 17.15% (Note 2) |
| Jun Yang Solar Power Investments Limited | Other | Long position | 1,022,110,409 (Note 6) | 17.15% (Note 2) |
| Fordjoy Securities and Futures Limited | Other | Long position | 511,055,204 (Note 7) | 8.58% (Note 2) |
| Yuen Shu Ming | Interest in controlled corporation | Long position | 511,055,204 (Note 7) | 8.58% (Note 2) |
| Astrum Capital Management Limited | Other | Long position | 511,055,204 (Note 8) | 8.58% (Note 2) |
| Astrum China Direct Investments Limited | Interest in controlled corporation | Long position | 511,055,204 (Note 8) | 8.58% (Note 2) |

| Name | Capacity | Position | Number of Shares and underlying Shares held | Approximate percentage of shareholding in the Company (Note 1) |
|---|---|---|---|---|
| Pan Chik | Interest in controlled corporation | Long position | 511,055,204 (Note 8) | 8.58% (Note 2) |
| Liu Ming Lai Lorna | Interest of spouse | Long position | 511,055,204 (Note 8) | 8.58% (Note 2) |
| Partner Shanghai | Beneficial owner | Long position | 226,553,576 (Note 9) | 11.40% |
| 北大未名(上海)投資控股有限公司(Peking University V-Ming (Shanghai) Investment Holdings Co., Limited) ("PKU V-Ming Investment") | Interest in controlled corporation | Long position | 226,553,576 (Note 9) | 11.40% |

*Notes:*

1. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at 30 April 2015, that is, 1,986,588,810.

2. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as enlarged by the issue of 3,973,177,620 offer shares upon completion of the 2015 Open Offer, that is, 5,959,766,430.

3. Capital Mate is an entity controlled by Mr. Sun Shao Feng. Hence, Mr. Sun Shao Feng is deemed to be interested in these 610,911,000 Shares owned by Capital Mate.

4. Based on the notices of disclosure of interests of Oriental Patron Securities Limited, Perfect Field Holdings Limited, OP Financial Group Limited, Oriental Patron Financial Services Group Limited, Oriental Patron Financial Group Limited, Zhang Gaobo and Zhang Zhi Ping each filed with the Stock Exchange dated 21 April 2015, these interests are held by Oriental Patron Securities Limited, which is wholly-owned by Perfect Field Holdings Limited, which is in turn owned as to 71% by OP Financial Group Limited. OP Financial Group Limited is wholly-owned by Oriental Patron Financial Services Group Limited, which is in turn owned as to 95% by Oriental Patron Financial Group Limited. Oriental Patron Financial Group Limited is owned as to 49% by Zhang Gaobo and as to 51% by Zhang Zhi Ping.

5. Based on the notices of disclosure of interests of SBI China Capital Financial Services Limited, Long Vehicle Capital Limited, Zhang Xiongfeng, Probest Limited and Cao Guoqi each filed with the Stock Exchange dated 21 April 2015, these interests are held by SBI China Capital Financial Services Limited, which is wholly-owned by SBI China Capital Securities Limited, which is in turn wholly-owned by SBI China Capital Holdings Limited. SBI China Capital Holdings Limited is owned as to 48% by Long Vehicle Capital Limited and as to 52% by Probest Limited. Long Vehicle Capital Limited is wholly-owned by Zhang Xiongfeng and Probest Limited is wholly owned by Cao Guoqi.

6. Based on the notices of disclosure of interests of Jun Yang Securities Co. Ltd. and Jun Yang Solar Power Investments Limited each filed with the Stock Exchange dated 20 April 2015, these interests are held by Jun Yang Securities Co. Ltd., which is wholly-owned by Golden Moral Investments Limited, which is in turn wholly-owned by Jun Yang Solar Power Investments Limited.

7. Based on the notices of disclosure of interests of Fordjoy Securities and Futures Limited and Yuen Shu Ming each filed with the Stock Exchange dated 21 April 2015, these interests are held by Fordjoy Securities and Futures Limited, which is owned as to 76% by Yuen Shu Ming.

8. Based on the notices of disclosure of interests of Astrum Capital Management Limited, Astrum China Direct Investments Limited, Pan Chik and Liu Ming Lai Lorna each filed with the Stock Exchange dated 22 April 2015, these interests are held by Astrum Capital Management Limited, which is owned as to 80% by Astrum China Direct Investments Limited. Astrum China Direct Investments Limited is wholly-owned by Pan Chik. Liu Ming Lai Lorna is the spouse of Pan Chik.

9. Based on the notice of disclosure of interests of PKU V-Ming Investment filed with the Stock Exchange dated 19 April 2013, Partner Shanghai is a wholly-owned subsidiary of PKU V-Ming Investment. Under Part XV of the SFO, PKU V-Ming Investment is deemed to be interested in all the Shares in which Partner Shanghai is interested.

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 as at 30 April 2015.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code for the year ended 30 April 2015.

## 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' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2015, 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

Material related party transactions which also constitute connected transactions under the Listing Rules, entered into by the Group during the year are disclosed in note 41 to the consolidated financial statements. Other than disclosed therein, there was no other connected transaction of the Group during the year ended 30 April 2015.

## RETIREMENT SCHEME ARRANGEMENT

Particulars of the Group's retirement scheme are set out in note 14 to the consolidated financial statements.

## MANAGEMENT CONTRACTS

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

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was approximately 30.1% of the Group's purchase and the largest supplier to the Group was approximately 7.9% of the Group's purchase for the year.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 6.5% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 1.5% 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 or suppliers.

## 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. Hu Ji Rong (as Chairman), Mr. Wei Xiongwen and Mr. Zeng Shaoxiao. The primary duties of the Audit Committee are to review the financial reporting process of the Group. During the year ended 30 April 2015, the Audit Committee held 2 meetings with all members present to review the annual and interim results of the Group, 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 2015.

## SUBSEQUENT EVENTS

For the details of the subsequent events, please refer to the "management discussion and analysis" section of the annual report.

## AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the Board

**Sun Shao Feng**
*Chairman*
Hong Kong, 28 July 2015

# 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

**TO THE SHAREHOLDERS OF**
**CHINA CULIANGWANG BEVERAGES HOLDINGS LIMITED**
**(FORMERLY KNOWN AS CHINA GREEN (HOLDINGS) LIMITED)**
*(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of China Culiangwang Beverages Holdings Limited (formerly known as China Green (Holdings) Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 169, which comprise the consolidated and company statements of financial position as at 30 April 2015, and the consolidated statement of profit or loss and other 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 as to 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.

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 2015 and of the Group's loss 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.

**HLB Hodgson Impey Cheng Limited**
Certified Public Accountants

**Hon Koon Fai, Alex**
Practising Certificate Number: P05029

Hong Kong, 28 July 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2015

| | Notes | 2015<br>RMB'000 | 2014<br>RMB'000<br>(Restated) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Turnover** | 4 | **521,094** | 640,019 |
| Cost of sales | | **(426,790)** | (591,411) |
| **Gross profit** | | **94,304** | 48,608 |
| Other revenue | 5(a) | **14,915** | 9,318 |
| Other losses | 5(b) | **(174,596)** | (244,464) |
| Gain/(loss) arising from changes in fair value less costs to sell biological assets | | **5,745** | (7,952) |
| Net loss arising from changes in fair value of other financial liabilities | 33 | **(13,157)** | (21,849) |
| Selling and distribution expenses | | **(30,499)** | (31,326) |
| General and administrative expenses | | **(181,508)** | (213,761) |
| Loss on disposal of a subsidiary | 37 | **(14,036)** | (50,338) |
| **Loss from operations** | | **(298,832)** | (511,764) |
| Finance costs | 6(a) | **(150,656)** | (149,234) |
| **Loss before taxation** | 6 | **(449,488)** | (660,998) |
| Income tax | 7 | **1,464** | (6,668) |
| **Loss for the year from continuing operations attributable to owners of the Company** | | **(448,024)** | (667,666) |
| **DISCONTINUING OPERATIONS** | | | |
| Profit for the year from discontinuing operations attributable to owners of the Company | 8 | **178,475** | 192,967 |
| **Loss for the year attributable to owners of the Company** | | **(269,549)** | (474,699) |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 (Restated) |
|---|---|---|---|
| **Other comprehensive income for the year (after tax)** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | | **1,872** | 13,908 |
| Net loss arising on change in fair value of available for sale financial assets | | **(4,309)** | – |
| | | **(271,986)** | (460,791) |
| **Total comprehensive loss for the year attributable to owners of the Company** | | **(271,986)** | (460,791) |
| **Loss per share attributable to owners of the Company** | | | |
| **From continuing and discontinuing operations** | | | |
| – Basic | 13 | **RMB(16.0) cents** | RMB(45.1) cents |
| – Diluted | | **RMB(16.0) cents** | RMB(45.1) cents |
| **From continuing operations** | | | |
| – Basic | 13 | **RMB(26.7) cents** | RMB(63.4) cents |
| – Diluted | | **RMB(26.7) cents** | RMB(63.4) cents |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | | |
| – Property, plant and equipment | 16(a) | **2,090,063** | 2,751,032 |
| – Interests in leasehold land held for own use under operating leases | 17 | **156,275** | 213,783 |
| Long-term prepaid rentals | 18 | **1,007,373** | 1,217,284 |
| Available-for-sale financial assets | 22 | **42,818** | – |
| Pledged bank deposits | 27 | **255,879** | 274,750 |
| Deposits paid for acquisition of fixed assets | 19 | **–** | 317,292 |
| | | **3,552,408** | 4,774,141 |
| **Current assets** | | | |
| Inventories | 24 | **2,617** | 51,907 |
| Biological assets | 25 | **21,640** | 13,267 |
| Current portion of long-term prepaid rentals | 18 | **97,370** | 120,377 |
| Trade and other receivables | 26 | **76,023** | 176,947 |
| Pledged bank deposits | 27 | **–** | 114,046 |
| Cash and cash equivalents | 28 | **141,715** | 294,842 |
| | | **339,365** | 771,386 |
| Assets classified as held for sale | 23 | **1,715,954** | – |
| | | **2,055,319** | 771,386 |
| **Current liabilities** | | | |
| Amount due to a director | 29 | **–** | 7,995 |
| Amount due to a shareholder | 29 | **–** | 2,815 |
| Trade and other payables | 30 | **234,219** | 191,640 |
| Bank and other borrowings | 32 | **544,638** | 246,571 |
| Income tax payable | 31(a) | **26,178** | 25,507 |
| Other financial liabilities | 33 | **34,693** | 21,902 |
| Convertible bonds | 34 | **665,085** | 178,701 |
| | | **1,504,813** | 675,131 |
| Liabilities directly associate with assets classified as held for sale | 23 | **17,937** | – |
| | | **1,522,750** | 675,131 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|---|
| **Net current assets** | | **532,569** | 96,255 |
| **Total assets less current liabilities** | | **4,084,977** | 4,870,396 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 31(b) | **78,420** | 86,189 |
| Bank and other borrowings | 32 | **517,166** | 532,738 |
| Convertible bonds | 34 | **–** | 669,628 |
| | | **595,586** | 1,288,555 |
| **Net assets** | | **3,489,391** | 3,581,841 |
| **Capital and reserves** | 35 | | |
| Share capital | | **179,575** | 106,277 |
| Reserves | | **3,309,816** | 3,475,564 |
| **Total equity attributable to owners of the Company** | | **3,489,391** | 3,581,841 |

Approved and authorised for issue by the Board of Directors on 28 July 2015.

**Sun Shao Feng**
*Director*

**Chen Changgai**
*Director*

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

# STATEMENT OF FINANCIAL POSITION

As at 30 April 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | | |
| Property, plant and equipment | 16(b) | **173** | 343 |
| Available-for-sale financial assets | 22 | **42,818** | – |
| Pledged bank deposits | 27 | **490** | – |
| Investment in subsidiaries | 21 | **220,818** | 223,117 |
| | | **264,299** | 223,460 |
| **Current assets** | | | |
| Trade and other receivables | 26 | **1,751,267** | 1,771,819 |
| Cash and cash equivalents | 28 | **29,620** | 7,192 |
| | | **1,780,887** | 1,779,011 |
| **Current liabilities** | | | |
| Due to a director | 29 | **–** | 7,995 |
| Due to a shareholder | 29 | **–** | 2,815 |
| Other payables | 30 | **216,444** | 101,272 |
| Bank and other borrowings | 32 | **298,342** | 166,571 |
| Other financial liabilities | 33 | **34,693** | 21,902 |
| Convertible bonds | 34 | **665,085** | 178,701 |
| | | **1,214,564** | 479,256 |
| **Net current assets** | | **566,323** | 1,299,755 |
| **Total assets less current liabilities** | | **830,622** | 1,523,215 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 31(b) | **7,782** | 15,551 |
| Convertible bonds | 34 | **–** | 669,628 |
| Bank and other borrowings | 32 | **277,166** | 280,442 |
| | | **284,948** | 965,621 |
| **Net assets** | | **545,674** | 557,594 |

# STATEMENT OF FINANCIAL POSITION

As at 30 April 2015

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|---|
| **Capital and reserves** | 35 | | |
| Share capital | | **179,575** | 106,277 |
| Reserves | | **366,099** | 451,317 |
| **Total equity attributable to owners of the Company** | | **545,674** | 557,594 |

Approved and authorised for issue by the Board of Directors on 28 July 2015.

**Sun Shao Feng**
*Director*

**Chen Changgai**
*Director*

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2015

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | PRC statutory reserves RMB'000 | Available-for-sale financial assets reserve 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 2013 | 92,236 | 702,532 | 218,242 | – | 14,694 | 25,142 | 46,108 | (119,735) | 2,934,993 | 3,914,212 |
| Exchange differences on translation of financial statements of overseas subsidiaries | – | – | – | – | – | – | – | 13,908 | – | 13,908 |
| Loss for the year | – | – | – | – | – | – | – | – | (474,699) | (474,699) |
| **Total comprehensive gain/(loss) for the year** | – | – | – | – | – | – | – | 13,908 | (474,699) | (460,791) |
| Profit appropriation to PRC statutory reserves | – | – | 25,280 | – | – | – | – | – | (25,280) | – |
| Transfer to retained profits upon the restructuring of convertible bonds | – | – | – | – | – | – | (46,108) | – | 46,108 | – |
| Recognition of the equity component of convertible bonds | – | – | – | – | – | – | 48,892 | – | – | 48,892 |
| Mandatory redemption of convertible bonds | – | – | – | – | – | – | (3,728) | – | 3,728 | – |
| Release upon disposal of a subsidiary | – | – | (880) | – | – | – | – | – | – | (880) |
| Top-up placing, net of transaction cost | 14,041 | 66,367 | – | – | – | – | – | – | – | 80,408 |
| Transfer to retained profits upon lapse of share options | – | – | – | – | – | (25,142) | – | – | 25,142 | – |
| As at 30 April 2014 and 1 May 2014 | 106,277 | 768,899 | 242,642 | – | 14,694 | – | 45,164 | (105,827) | 2,509,992 | 3,581,841 |
| Exchange differences on translation of financial statements of overseas subsidiaries | – | – | – | – | – | – | – | 1,872 | – | 1,872 |
| Change in fair value of available-for-sale financial assets | – | – | – | (4,309) | – | – | – | – | – | (4,309) |
| Loss for the year | – | – | – | – | – | – | – | – | (269,549) | (269,549) |
| **Total comprehensive loss in the year** | – | – | – | (4,309) | – | – | – | 1,872 | (269,549) | (271,986) |
| Profit appropriation to PRC statutory reserve | – | – | 7,208 | – | – | – | – | – | (7,208) | – |
| Mandatory redemption of convertible bonds | – | – | – | – | – | – | (3,296) | 11 | 3,285 | – |
| Issue of shares upon open offer, net of transaction cost | 41,998 | 60,410 | – | – | – | – | – | – | – | 102,408 |
| Issue of shares, net of transaction cost | 31,300 | 45,828 | – | – | – | – | – | – | – | 77,128 |
| **As at 30 April 2015** | **179,575** | **875,137** | **249,850** | **(4,309)** | **14,694** | **–** | **41,868** | **(103,944)** | **2,236,520** | **3,489,391** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2015

| | Notes | 2015 RMB'000 | 2015 RMB'000 | 2014 RMB'000 | 2014 RMB'000 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Cash generated from operations | 28 | | **615,661** | | 561,497 |
| PRC enterprise income tax paid | 31(a) | | **(95,848)** | | (81,149) |
| **Net cash generated from operating activities** | | | **519,813** | | 480,348 |
| **Investing activities** | | | | | |
| Payments of interests in leasehold land held for own use under operating leases | | **–** | | (3,360) | |
| Payment for purchase of fixed assets | | **(395,156)** | | (401,802) | |
| Proceeds from disposals of a subsidiary, net of cash disposed | | **(2)** | | (77) | |
| Proceeds from disposals of property, plant and equipment | | **148** | | 241 | |
| Increase in deposits in acquisition of fixed assets | | **–** | | (118,210) | |
| Decrease in bank deposits with maturity over 3 months | | **–** | | 18,119 | |
| Increase in pledged bank deposits | | **101,033** | | (388,796) | |
| Interest received | | **4,848** | | 1,685 | |
| **Net cash used in investing activities** | | | **(289,129)** | | (892,200) |
| **Financing activities** | | | | | |
| Payments for restructuring of convertible bonds | | **–** | | (339,927) | |
| Payment of redemption of convertible bonds | | **(220,655)** | | (120,356) | |
| Increase in available-for-sale finance asset | | **(47,127)** | | – | |
| Proceeds from top-up placing, net of transaction cost | | **–** | | 80,408 | |
| Issue of shares, net of transaction cost | | **77,128** | | – | |
| Issue of shares upon open offer, net of transaction cost | | **102,408** | | – | |
| Increase in bank and other borrowings | | **662,342** | | 779,309 | |
| Repayment in bank and other borrowing | | **(376,026)** | | – | |
| (Decrease)/increase in amount due to a shareholder | | **(2,815)** | | 2,815 | |
| Interest paid | | **(123,724)** | | (121,041) | |
| **Net cash generated from financing activities** | | | **71,531** | | 281,208 |
| **Net increase/(decrease) in cash and cash equivalents** | | | **302,215** | | (130,644) |
| **Cash and cash equivalents at 1 May** | | | **294,842** | | 422,632 |
| **Effect of foreign exchange rate changes** | | | **1,640** | | 2,854 |
| **Cash and cash equivalents at 30 April** | | | **598,697** | | 294,842 |
| **Analysis of balances of cash and cash equivalents** | | | | | |
| **Cash and cash equivalents** | | | **141,715** | | 294,842 |
| **Cash and cash equivalents included in assets classified as held for sale** | | | **456,982** | | – |
| | | | **598,697** | | 294,842 |

## 1. GENERAL INFORMATION

China Culiangwang Beverages Holdings Limited (formerly known as 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, HM 11, Bermuda and Room 1502, 15/F, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong, respectively. The major shareholder of the Company is Capital Mate Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 21 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

*Changes in the Group's ownership interests in existing subsidiaries*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

## 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.

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.

## 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.

## 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)

### Impairment of assets

*(i) Impairment of financial assets*

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

– significant financial difficulty of the debtor;

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of assets (continued)

*(i) Impairment of financial assets (continued)*

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

*(ii) Impairment of other assets*

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

– Property, plant and equipment;

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

– Long-term prepaid rentals;

– Deposits paid for acquisition of fixed assets; and

– Investments in subsidiaries.

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

– Calculation of recoverable amount

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of assets (continued)

*(ii) Impairment of other assets (continued)*

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

### 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets at fair value through profit or loss

Financial assets are classified as at fair value thought profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments

Financial assets and financial liabilities are recognised when an 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 are classified into 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. The accounting policies adopted in respect of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income. 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 effective 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. Loan and receivables (including trade and other receivable, pledged bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (continued)

*Financial liabilities and equity instruments*

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance to the substance of the contractual arrangements and the definitions of a financial liability and an 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*

Other financial liabilities (including trade and other payables, amount due to a director, amount due to a shareholder, bank and other borrowings and convertible bonds) 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 relevant 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 as recognised on an effective interest basis.

*Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the asset expire, or when financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset, 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 directly in equity is recognised in consolidated statements of profit or loss and other comprehensive income.

Financial liabilities are removed from the Group's consolidated statements of financial position when the obligations specified in the relevant contract are discharged cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statements of profit or loss and other comprehensive income.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (continued)

*Available-for-sale financial assets*

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated or not classified as loans and receivables.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets above).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment loss at the end of each reporting period (see accounting policy on impairment loss on financial assets below).

### Biological assets

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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, pledged bank deposits, 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.

## 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).

### Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income tax

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

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

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

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

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

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income tax (continued)

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

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

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

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

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

  - the same taxable entity; or

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

### 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

*(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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### Research and development costs

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Research and development costs (Continued)

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

### Related parties transactions

A party is considered to be related to the Group if:

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

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

  (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Related parties transactions (Continued)

Close family members of an individual are those family members who may be expected to influence, or be inflecting 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.

### Discontinuing operations

A discontinuing operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinuing operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

When operation is classified as discontinuing, a single amount is presented on the face of the profit or loss, which comprises:

– the post-tax profit or loss of the discontinuing operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinuing operation.

### 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 May 2014.

| | |
|---|---|
| HKFRS 10, HKFRS 12 and HKAS 27 (Amendments) | Investment Entities |
| HKAS 32 (Amendments) | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities |
| HKAS 36 (Amendments) | Recoverable Amount Disclosures for Non-Financial Assets |
| HKAS 39 (Amendments) | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC) – Int 21 | Levies |

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

### Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis. Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

### Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

### Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

### Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

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

### HK (IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

| | |
|---|---|
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2010- 2012 Cycle[2] |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2011- 2013 Cycle[1] |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2012- 2014 Cycle[4] |
| HKFRS 9 | Financial Instruments[6] |
| HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments) | Investment Entities: Applying the Consolidation Exception[4] |
| HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| HKFRS 11 (Amendments) | Accounting for Acquisition of Interests in Joint Operation[4] |
| HKFRS 14 | Regulatory Deferral Accounts[3] |
| HKFRS 15 | Revenue from Contracts with Customers[5] |
| HKAS 1 (Amendments) | Disclosure Initiative[4] |
| HKAS 16 and HKAS 38 (Amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation[4] |
| HKAS 16 and HKAS 41 (Amendments) | Agriculture: Bearer Plants[4] |
| HKAS 19 (2011) (Amendments) | Defined Benefit Plans: Employee Contribution[1] |
| HKAS 27 (Amendments) | Equity Method in Separate Financial Statements[4] |

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

[1] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions, with earlier application permitted

[3] Effective for first annual HKFRS financial statements beginning on or 1 January 2016, with earlier application permitted

[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

[5] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

[6] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

### Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

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

### Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

### Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

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

### Annual Improvements to HKFRSs 2011-2013 Cycle (Continued)

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

### Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

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

### Annual Improvements to HKFRSs 2012-2014 Cycle (Continued)

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

### HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

### HKFRS 9 Financial Instruments (Continued)

The Directors anticipate that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

### Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

The Directors do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

### Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKFRS 10:

– An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

– New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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

### Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) Investment Entities: Applying the Consolidation Exception (Continued)

Amendments to HKAS 28:

– The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

– A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

– A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

### Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operation

HKFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The directors do not anticipate that the application of the amendments to HKFRS 11 will have a significant impact on the Group's consolidated financial statements.

### HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles ("GAAP") requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard. The directors do not anticipate that the application of HKFRS 14 will have a significant impact on the Group's consolidated financial statements.

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

### HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2017 with earlier application permitted.

The Directors do not anticipate that the application of these will have material effect on the Group's consolidated financial statements.

### Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The amendments can be applied immediately and become mandatory for annual periods beginning on or after 1 January 2016.

The Directors do not anticipate that the application of those amendments to HKAS 1 will have significant impact on the Group's consolidated financial statements.

### Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

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

### Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41. The Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

### Amendments to HKAS 19 (2011) Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

### Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

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

The Directors do not anticipate that the application of these amendments to HKAS 27 will have significant impact on the Group's consolidated financial statements.

## 4. TURNOVER

During the year ended 30 April 2015, the Group is principally engaged in the growing, processing and sales of agricultural products and production and sales of consumer food.

Turnover represents sales value of agricultural products and consumer food 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:

| | **2015**<br>**RMB'000** | 2014<br>RMB'000<br>(Restated) |
|---|---|---|
| **Continuing operations** | | |
| Fresh produce and processed products | **364,520** | 441,065 |
| Branded food products and others | **156,574** | 198,954 |
| | **521,094** | 640,019 |

## 5. OTHER REVENUE AND OTHER LOSSES

### (a) Other revenue

| | **2015**<br>**RMB'000** | 2014<br>RMB'000<br>(Restated) |
|---|---|---|
| **Continuing operations** | | |
| Interest income on financial assets not at fair value through profit or loss – interest income from banks | **11,245** | 7,112 |
| Other trading income | **–** | 171 |
| Rental income | **1,166** | 600 |
| Gain on redemption of convertible bonds | **–** | 1,056 |
| Government grant received (Note i) | **1,894** | 259 |
| Sundry income | **610** | 120 |
| | **14,915** | 9,318 |

## 5. OTHER REVENUE AND OTHER LOSSES (CONTINUED)

### (a) Other revenue (Continued)

Note:

(i) PRC government grant represents various form of subsidies granted to the Group by the local government authorities in PRC for compensation of expenses incurred by the Group. These grants are generally made for business support and awarded to the enterprises on a discretion basis.

### (b) Other losses

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| | | (Restated) |
| **Continuing operations** | | |
| Impairment loss recognised on property, plant and equipment (Note 16) | **38,994** | 150,310 |
| Impairment loss recognised on long-term prepaid rentals (Note 18) | **128,212** | 66,966 |
| Impairment loss on interest in leasehold land held for own use under operating leases (Note 17) | **2,715** | 27,188 |
| Loss on mandatory redemption of convertible bonds | **4,675** | – |
| | **174,596** | 244,464 |

## 6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

Loss before taxation from continuing operations is arrived at after charging the following:

| | 2015<br>RMB'000 | 2014<br>RMB'000<br>(Restated) |
|---|---|---|
| **Continuing operations** | | |
| **(a) Finance costs** | | |
| Interest on borrowings wholly repayable within five years | | |
| – interest on convertible bonds | **103,798** | 52,996 |
| – interest on matured convertible bonds | **–** | 77,747 |
| – interest on other borrowing | **3,690** | – |
| – interest on bank borrowings | **43,168** | 18,491 |
| | **150,656** | 149,234 |
| **(b) Staff costs** | | |
| Contributions to defined contribution retirement plans | **5,308** | 5,266 |
| Salaries, wages and other benefits | **88,278** | 93,902 |
| | **93,586** | 99,168 |

## 6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS (CONTINUED)

| | 2015<br>RMB'000 | 2014<br>RMB'000<br>(Restated) |
|---|---|---|
| **Continuing operations (continued)** | | |
| **(c) Other items** | | |
| Amortisation of land lease premium | **3,739** | 4,349 |
| Amortisation of long-term prepaid rentals | **104,777** | 120,468 |
| Depreciation of property, plant and equipment | **127,294** | 160,633 |
| Operating lease charges: minimum lease payment | | |
| – property rentals | **597** | 872 |
| Research and development expenses | **533** | 53 |
| Auditors' remuneration | | |
| – audit services | **1,742** | 2,000 |
| – other services | **700** | – |
| Cost of inventories sold | **426,790** | 591,411 |
| Net foreign exchange loss | **465** | 12,185 |
| Loss on disposal of property, plant and equipment | **25,896** | 21,609 |

## 7. INCOME TAX (RELATING TO CONTINUING OPERATIONS)

**Continuing operations**

**(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:**

| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
|---|---|---|
| **Current tax – Enterprise Income Tax in the PRC** | | |
| – Provision for the year (Note) | **5,616** | 7,415 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences (Note 31(b)) | **(7,080)** | (747) |
| Total income tax (credit)/expenses recognised in profit or loss | **(1,464)** | 6,668 |

Note:

During the year 30 April 2015 and 2014, of approximately RMB90,903,000 and RM75,628,000 provision of income tax had been reclassified as discontinuing operation respectively.

*(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.

## 7. INCOME TAX (RELATING TO CONTINUING OPERATIONS) (CONTINUED)

### (a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents: (continued)

*(i) PRC Enterprise Income Tax (continued)*

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 2015 and 2014 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.

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

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **RMB'000** | **%** | RMB'000<br>(Restated) | % |
| Loss before taxation (from continuing operations) | **(449,488)** | | (660,998) | |
| Notional tax on loss before taxation, calculated at rates applicable to loss in the countries concerned | **(97,633)** | **(21.7)** | (145,273) | (21.9) |
| Tax effect of operating loss of Group companies not subject to income tax | **29,622** | **6.6** | 33,051 | 5.0 |
| Tax effect of non-taxable income | **(8,681)** | **(2.0)** | (957) | (0.1) |
| Tax effect of profit exempted from income tax as a result of tax benefit | **(5,768)** | **(0.7)** | (21,825) | (3.3) |
| Tax effect of unused tax losses not recognised | **23,500** | **5.2** | 58,374 | 8.8 |
| Tax effect of non-deductible expenses | **57,496** | **12.8** | 83,298 | 12.6 |
| Taxation (credit)/charge (relating to continuing operations) | **(1,464)** | **0.2** | 6,668 | 1.1 |

## 8. DISCONTINUING OPERATIONS

### Disposal of beverage business operations

On 15 April 2015, the Company, 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd*), 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd*) ("Xiamen Company") and 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) ("CCBSL") entered into an equity transfer agreement, pursuant to which CCBSL conditionally agreed to acquire, and Xiamen Company conditionally agreed to sell, the entire equity interest in 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd*) (the "Target Company"). The consideration for the disposal, which is based on the agreed enterprise value of US$400.5 million (equivalent to approximately RMB2,483.1 million) of the Target Company, will be paid by CCBSL in cash on completion.

The disposal of the Group's beverage business operations (but excluding porridge or congee and beverage products in powder form) is consistent with the Group's long-term policy to shift focus from its activities on the cultivation and production of agricultural products and processing business towards a consumer product driven business, with multi grain focus. The Directors view the branded beverage business as the first step to implement the multi grain strategy and will continue to pursue the same strategy with an emphasis on non-beverage branded consumer products such as multi-grain food and snacks after the disposal. The Group expects to complete the disposal by the end of 2015 or early of 2016. The net proceeds of disposal are expected to exceed the carrying amount of the related assets and, accordingly, no impairment losses were recognised, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

### Analysis of profit for the year from discontinuing operations

The results of the discontinuing operations (i.e. beverage operations) included in the profit for the year are set out below. The comparative profit and cash flows from discontinuing operations have been re-presented to include those operations classified as discontinuing in the current year.

## 8. DISCONTINUING OPERATIONS (CONTINUED)

### Profit for the year from discontinuing operations

| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
|---|---|---|
| Turnover | **1,421,750** | 1,453,719 |
| Cost of sales | **(881,236)** | (902,223) |
| Gross profit | **540,514** | 551,496 |
| Other revenue | **4,809** | 6,093 |
| Selling and distribution expenses | **(233,243)** | (239,365) |
| General and administrative expenses | **(35,987)** | (49,421) |
| Profit from operations | **276,093** | 268,803 |
| Finance costs | **(6,715)** | (208) |
| Profit before taxation | **269,378** | 268,595 |
| Income tax | **(90,903)** | (75,628) |
| Profit for the year from discontinuing operations attributable to owners of the Company | **178,475** | 192,967 |

Profit for the year from discontinuing operations include the following:

| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
|---|---|---|
| Depreciation and amortisation | **52,336** | 51,663 |
| Auditors' remuneration | **–** | – |
| *Cash flows from discontinuing operations* | | |
| Net cash inflows from operating activities | **292,916** | 316,628 |
| Net cash inflows/(outflows) from investing activities | **61,135** | (222,995) |
| Net cash outflows from financing activities | **(6,714)** | (208) |
| Net cash inflows | **347,337** | 93,425 |

The beverage business has been classified and accounted for at 30 April 2015 as a disposal group held for sale (see Note 23).

## 9. DIRECTORS' REMUNERATION

The emolument paid or payable to each of the directors and the chief executive officer are as follows:

| | For the year ended 30 April 2015 | | | | |
|---|---|---|---|---|---|
| | 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** | | | | | |
| Mr. Sun Shao Feng | – | 1,818 | 8 | 152 | 1,978 |
| **Executive director** | | | | | |
| Mr. Chen Changgai | – | 775 | 8 | 65 | 848 |
| **Independent non-executive directors** | | | | | |
| Mr. Hu Ji Rong | 79 | – | – | – | 79 |
| Mr. Zheng Baodong (resigned on 18 August 2014) | 30 | – | – | – | 30 |
| Mr. Zeng Shaoxiao (appointed on 18 August 2014) | 50 | – | – | – | 50 |
| Mr. Wei Xiongwen | 79 | – | – | – | 79 |
| | 238 | 2,593 | 16 | 217 | 3,064 |

## 9. DIRECTORS' REMUNERATION (CONTINUED)

| | For the year ended 30 April 2014 | | | | |
|---|---|---|---|---|---|
| | 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** | | | | | |
| Mr. Sun Shao Feng | – | 1,818 | 8 | 152 | 1,978 |
| **Executive directors** | | | | | |
| Mr. Chen Changgai (appointed on 25 November 2013) | – | 506 | 8 | 34 | 548 |
| Mr. Nie Xing (resigned on 25 November 2013) | – | 531 | 2 | 73 | 606 |
| **Independent non-executive directors** | | | | | |
| Mr. Hu Ji Rong | 79 | – | – | – | 79 |
| Mr. Zheng Baodong | 79 | – | – | – | 79 |
| Mr. Wei Xiongwen (appointed on 26 August 2013) | 53 | – | – | – | 53 |
| Mr. Huang Zhigang (resigned on 26 August 2013) | 48 | – | – | – | 48 |
| | 259 | 2,855 | 18 | 259 | 3,391 |

No directors of the Company had waived or agreed to waive 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 year ended 30 April 2015 and 2014.

## 10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

### (a) Five highest paid individuals

Of the five individuals with highest emoluments, two (2014: one) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other three (2014: four) individuals are as follows:

| | **2015 RMB'000** | 2014 RMB'000 |
|---|---|---|
| Salaries and other emoluments | **2,499** | 2,745 |
| Discretionary bonuses | **182** | 153 |
| Retirement scheme contributions | **28** | 35 |
| | **2,709** | 2,933 |

The emoluments of the three (2014: four) individuals with the highest emoluments are within the following bands:

| | | **Number of individuals** | |
|---|---|---|---|
| | | **2015** | 2014 |
| HK$ | RMB equivalent | | |
| Nil-1,000,000 | Nil-792,000 | **1** | 2 |
| 1,000,001-1,500,000 | 792,001-1,189,000 | **1** | 2 |
| 1,500,001-2,000,000 | 1,189,001-1,583,560 | **1** | – |
| | | **3** | 4 |

## 10. INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

### (b) Senior management of the Company

Included in the five highest paid individuals, three are individuals of senior management, who are not directors.

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

| | | Number of individuals | |
|---|---|---|---|
| | | **2015** | 2014 |
| HK$ | RMB equivalent | | |
| Nil-1,000,000 | Nil-792,000 | **1** | 2 |
| 1,000,001-1,500,000 | 792,001-1,189,000 | **1** | 2 |
| 1,500,001-2,000,000 | 1,189,001-1,583,560 | **1** | – |
| | | **3** | 4 |

There were no amounts paid to the any of the highest paid employees and senior management as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 30 April 2015 and 2014.

## 11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of approximately RMB167,987,000 (2014: approximately RMB199,473,000) which has been dealt with in the financial statements of the Company.

## 12. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2015 (2014: Nil).

## 13. LOSS PER SHARE

### From continuing and discontinuing operations

*(a) Basic loss per share*

On 22 September 2014, the Company issued 530,420,270 offer shares on the basis of one offer share for every two existing shares at HK$0.25 per offer share. The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB269,549,000 (2014: approximately RMB474,699,000) and the weighted average number of ordinary shares after open offer shares adjustment of 1,681,226,549 ordinary shares (2014: 1,053,590,905 ordinary shares) in issue during the year.

*(i) Loss attributable to owners of the Company*

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| | | (Restated) |
| Loss attributable to owners of the Company used to determine diluted loss per share | **(269,549)** | (474,699) |

| | **Number of ordinary shares** | |
|---|---|---|
| | **2015** | 2014 |
| | | (Restated) |
| Weighted average number of ordinary shares for calculation of diluted loss per share | **1,681,226,549** | 1,053,590,905 |

*(b) Diluted loss per share*

Diluted loss per share for the year ended 30 April 2014 and 2015 was the same as the basic loss per share. There were no outstanding share options as at 30 April 2014 and 2015.

During the year ended 30 April 2015 and 2014, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible bonds since the effect of such conversion was anti-dilutive.

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share for the year ended 31 December 2015 and 2014 have been adjusted and restated to reflect the open offer.

## 13. LOSS PER SHARE (CONTINUED)

### From continuing operations

*Basic loss per share*

The calculation of basic loss per share from continuing operations is based on the loss attributable to owners of the Company of approximately RMB448,024,000 (2014: approximately RMB667,666,000) and the weighted average number of 1,681,226,549 ordinary shares (2014: 1,053,590,905 (restated) ordinary shares) in issue during the year.

*Loss from continuing operations attributable to owners of the Company*

| | **2015**<br>**RMB'000** | 2014<br>RMB'000<br>(restated) |
|---|---|---|
| Loss attributable to owners of the Company used to determine diluted loss per share | **(269,549)** | (474,699) |
| Less: Profit for the year from discontinuing operations attributable to the owners of the Company | **(178,475)** | (192,967) |
| | **(448,024)** | (667,666) |

The denominators detailed above for both basic and diluted loss per share.

### From discontinuing operations

Basic and diluted earnings per share from the discontinuing operations is RMB10.7 cents per share (2014: RMB18.3 cents per share) based on the profit for the year from discontinuing operations of RMB178,475,000 (2014: RMB192,967,000) and the denominators detailed above for both basic and diluted earnings per share.

## 14. 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$30,000 (2014: HK$25,000 prior to June 2014). Contributions to the MPF Scheme immediately.

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

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

For the year ended 30 April 2015, the Group's retirement plan contributions amounted to approximately RMB7,651,000 (2014: RMB7,879,000).

## 15. 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 two reportable segments in accordance with HKFRS 8 presented as follows:

- 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 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.

Beverage business operations was discontinuing in the current year. The segment information reported on the next pages does not include any amounts for the discontinuing operation, which are described in more detail in note 8.

## 15. SEGMENT REPORTING (CONTINUED)

### (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 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.

The measure used for reporting segment (loss)/profit is "adjusted operating (loss)/profit". To arrive at "adjusted operating (loss)/profit", the Group's (loss)/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 2015 and 2014 is set out below.

## 15. SEGMENT REPORTING (CONTINUED)

### (a) Segment results, assets and liabilities (Continued)

*Continuing operations*

| | Fresh produce and processed products | | Branded beverage products | | Branded food products and others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| | **RMB'000** | RMB'000 (Restated) | **RMB'000** | RMB'000 (Restated) | **RMB'000** | RMB'000 (Restated) | **RMB'000** | RMB'000 (Restated) |
| Revenue from external customers | **364,520** | 441,065 | **–** | – | **156,574** | 198,954 | **521,094** | 640,019 |
| Inter-segment revenue | **63,856** | 73,587 | **–** | – | **124** | – | **63,980** | 73,587 |
| Reportable segment revenue | **428,376** | 514,652 | **–** | – | **156,698** | 198,954 | **585,074** | 713,606 |
| Reportable segment (loss)/profit | **(170,437)** | (378,843) | **–** | – | **2,760** | 8,632 | **(167,677)** | (370,211) |
| Interest income | **720** | 860 | **–** | – | **22** | 7 | **742** | 867 |
| Depreciation and amortisation | **194,104** | 230,056 | **–** | – | **25,187** | 37,268 | **219,291** | 267,324 |
| Income tax | **382** | 3,523 | **–** | – | **23** | 3,892 | **405** | 7,415 |
| Reportable segment assets | **3,116,709** | 1,445,262 | **–** | 3,374,930 | **131,910** | 152,760 | **3,248,619** | 4,972,952 |
| Fair value change on biological assets | **(5,745)** | 7,952 | **–** | – | **–** | – | **(5,745)** | 7,952 |
| Finance cost | **300** | 7 | **–** | – | **1,299** | – | **1,599** | 7 |
| Impairment loss recognised on property, plant and equipment | **38,994** | 150,310 | **–** | – | **–** | – | **38,994** | 150,310 |
| Impairment loss recognised on interest in leasehold land held for own use under operating leases | **2,715** | 27,188 | **–** | – | **–** | – | **2,715** | 27,188 |
| Impairment loss and loss on cancellation recognised on long-term prepaid rentals | **128,212** | 66,966 | **–** | – | **–** | – | **128,212** | 66,966 |
| Additions to non-current assets during the year | **118,236** | 1,516 | **–** | – | **63,335** | 22 | **181,571** | 1,538 |
| Reportable segment liabilities | **395,973** | 16,309 | **–** | 148,811 | **10,137** | 9,190 | **406,110** | 174,310 |

## 15. SEGMENT REPORTING (CONTINUED)

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

| | 2015<br>RMB'000 | 2014<br>RMB'000<br>(Restated) |
|---|---|---|
| **Revenue** | | |
| Reportable segment revenue | **585,074** | 713,606 |
| Elimination of inter-segment revenue | **(63,980)** | (73,587) |
| Consolidated turnover for continuing operations | **521,094** | 640,019 |
| **Profit or loss** | | |
| Reportable segment loss derived from Group's external customers | **(167,677)** | (370,211) |
| Finance costs | **(149,057)** | (149,227) |
| Interest income | **10,503** | 6,245 |
| Loss on disposal of a subsidiary | **(14,036)** | (50,338) |
| Other revenue | **3,376** | 771 |
| Unallocated depreciation and amortisation | **(16,518)** | (18,055) |
| Unallocated head office and corporate expenses | **(111,404)** | (81,239) |
| (Loss)/gain on mandatory redemption of convertible bonds | **(4,675)** | 1,056 |
| Consolidated loss before taxation (continuing operations) | **(449,488)** | (660,998) |

## 15. SEGMENT REPORTING (CONTINUED)

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

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| **Assets** | | |
| Reportable segment assets | **3,248,619** | 4,972,952 |
| Assets relating to beverage business operations (now discontinuing) | **1,715,954** | – |
| | **4,964,573** | 4,972,952 |
| **Unallocated head office and corporate assets:** | | |
| – Fixed assets | **332,692** | 194,371 |
| – Pledged bank deposit | **255,879** | 255,296 |
| – Cash and cash equivalents | **32,150** | 11,799 |
| – Other assets | **22,433** | 111,109 |
| Consolidated total assets | **5,607,727** | 5,545,527 |
| **Liabilities** | | |
| Reportable segment liabilities | **406,110** | 174,310 |
| Liabilities relating to beverage business operations (now discontinuing) | **17,937** | – |
| Convertible bonds | **665,085** | 848,329 |
| Deferred tax liabilities | **78,420** | 86,189 |
| Bank and other borrowings | **563,462** | 729,309 |
| Unallocated head office and corporate liabilities | **387,322** | 125,549 |
| Consolidated total liabilities | **2,118,336** | 1,963,686 |

## 15. SEGMENT REPORTING (CONTINUED)

### (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** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| | | (Restated) | | |
| The PRC (place of domicile) | | | | |
| – Sales to import/export companies in the PRC | **4,709** | 14,478 | | |
| – Sales to other customers in the PRC | **516,385** | 625,541 | | |
| | **521,094** | 640,019 | **3,508,927** | 4,773,798 |

### (d) Information about major customers

No major customer contributed 10% or more to the Group's revenue for the year ended 30 April 2015 and 2014.

## 16. PROPERTY, PLANT AND EQUIPMENT

### (a) The Group

| | Buildings (Note i) RMB'000 | Infrastructure on cultivation bases RMB'000 | Leasehold improvement RMB'000 | Machinery RMB'000 | Furniture, fixtures and office equipment RMB'000 | Motor vehicles RMB'000 | Construction-in-progress (Note ii) RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | |
| At 1 May 2013 | 563,407 | 815,594 | 80,173 | 940,840 | 29,574 | 10,308 | 1,274,721 | 3,714,617 |
| Exchange realignment | – | – | – | – | (8) | – | – | (8) |
| Additions | 3,252 | – | – | 13,206 | 726 | – | 387,848 | 405,032 |
| Transfer | 54,910 | – | – | – | – | – | (54,910) | – |
| Disposals | – | (56,084) | – | (6) | (551) | (479) | – | (57,120) |
| Eliminated on disposal of a subsidiary | – | – | (1,500) | – | – | – | (101,133) | (102,633) |
| At 30 April 2014 and 1 May 2014 | 621,569 | 759,510 | 78,673 | 954,040 | 29,741 | 9,829 | 1,506,526 | 3,959,888 |
| Exchange realignment | – | – | – | – | (5) | – | – | (5) |
| Additions | – | 130,417 | – | 13 | 429 | 250 | 264,047 | 395,156 |
| Disposals | – | (117,954) | – | (1,959) | (710) | – | – | (120,623) |
| Eliminated on disposal of a subsidiary | – | – | – | (33,531) | – | – | – | (33,531) |
| Reclassified to assets held for sales | (174,842) | – | (2,000) | (467,361) | (3,210) | (4,460) | (386,620) | (1,038,493) |
| At 30 April 2015 | 446,727 | 771,973 | 76,673 | 451,202 | 26,245 | 5,619 | 1,383,953 | 3,162,392 |
| **Accumulated depreciation and impairment loss:** | | | | | | | | |
| At 1 May 2013 | 107,496 | 407,896 | 35,597 | 311,894 | 17,018 | 5,077 | – | 884,978 |
| Exchange realignment | – | – | – | – | (2) | – | – | (2) |
| Charge for the year | 27,283 | 84,359 | 7,284 | 88,069 | 2,422 | 923 | – | 210,340 |
| Impairment loss recognised in profit or loss | 41,182 | 20,760 | 22,535 | 63,994 | 1,808 | 31 | – | 150,310 |
| Eliminated on disposal assets | – | (34,297) | – | (6) | (512) | (455) | – | (35,270) |
| Eliminated on disposal of a subsidiary | – | – | (1,500) | – | – | – | – | (1,500) |
| At 30 April 2014 and 1 May 2014 | 175,961 | 478,718 | 63,916 | 463,951 | 20,734 | 5,576 | – | 1,208,856 |
| Exchange realignment | – | – | – | – | (3) | – | – | (3) |
| Charge for the year | 24,510 | 72,012 | 6,300 | 72,874 | 1,856 | 828 | – | 178,380 |
| Impairment loss recognised in profit or loss | 6,462 | 29,737 | – | 2,217 | 576 | 2 | – | 38,994 |
| Eliminated on disposal assets | – | (92,506) | – | (1,609) | (464) | – | – | (94,579) |
| Eliminated on disposal of a subsidiary | – | – | – | (19,502) | – | – | – | (19,502) |
| Reclassified to assets held for sales | (33,204) | – | (2,000) | (200,000) | (2,714) | (1,899) | – | (239,817) |
| At 30 April 2015 | 173,729 | 487,961 | 68,216 | 317,931 | 19,985 | 4,507 | – | 1,072,329 |
| **Carrying amount:** | | | | | | | | |
| **At 30 April 2015** | **272,998** | **284,012** | **8,457** | **133,271** | **6,260** | **1,112** | **1,383,953** | **2,090,063** |
| At 30 April 2014 | 445,608 | 280,792 | 14,757 | 490,089 | 9,007 | 4,253 | 1,506,526 | 2,751,032 |

## 16. 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:

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| Construction cost of building structure | **75,902** | 347,607 |
| Cost of machinery pending installation | **11,751** | 31,419 |
| Infrastructure | **1,296,300** | 1,127,500 |
| | **1,383,953** | 1,506,526 |

During the financial year 30 April 2015 and 2014, the addition of construction cost of building structure and infrastructure on cultivation bases were mainly located in Auhui Province Fuyang City and Jilin Province Baicheng City respectively. 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 18.

### (b) The Company

| | **Furniture, fixtures and office equipment**<br>RMB'000 |
|---|---|
| **Cost:** | |
| At 1 May 2013 | 714 |
| Exchange realignment | (8) |
| Additions | 31 |
| At 30 April 2014 and 1 May 2014 | 737 |
| Exchange realignment | (5) |
| Additions | 143 |
| Disposals | (515) |
| **At 30 April 2015** | **360** |

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (b) The Company (continued)

| | Furniture, fixtures and office equipment RMB'000 |
|---|---|
| **Accumulated depreciation:** | |
| At 1 May 2013 | 262 |
| Exchange realignment | (3) |
| Charge for the year | 135 |
| At 30 April 2014 and 1 May 2014 | 394 |
| Exchange realignment | (3) |
| Written back on disposals | (289) |
| Charge for the year | 85 |
| At 30 April 2015 | 187 |
| **Carrying amount:** | |
| **At 30 April 2015** | **173** |
| At 30 April 2014 | 343 |

Notes:

(i) Impairment loss recognised in the current year

As the poor result of the Group's fresh produce and processed products segment for the year ended 30 April 2015 and 2014. The Group carried out a review of the recoverable amount that the property, plant and equipment. Please refer to note 20 for details.

During the year, the impairment loss recognised on property, plant and equipment of approximately RMB38,994,000 (2014: RMB150,310,000) which are located in PRC. The impairment losses have been included in the other losses of the consolidated statement of profit or loss and other comprehensive income.

(ii) Buildings with a carrying amount of approximately RMB384,068,000 (2014: RMB322,378,000) have been pledged to secure banking facilities granted to the Group.

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

### The Group

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| **Cost:** | | |
| At 1 May | **279,183** | 291,267 |
| Additions | **–** | 43,028 |
| Reallocated to assets classified as held for sales | **(60,005)** | – |
| Disposal of a subsidiary | **–** | (55,112) |
| At 30 April | **219,178** | 279,183 |
| **Accumulated amortisation and impairment loss:** | | |
| At 1 May | **59,760** | 31,501 |
| Amortisation for the year (Note 6(c)) | **4,989** | 6,305 |
| Impairment loss recognised in profit or loss | **2,715** | 27,188 |
| Reallocated to assets classified as held for sales | **(7,522)** | – |
| Disposal of a subsidiary | **–** | (5,234) |
| At 30 April | **59,942** | 59,760 |
| **Carrying amount:** | | |
| At 30 April | **159,236** | 219,423 |

As at 30 April 2015, the non-current portion of interests in leasehold land held for own use under operating leases is approximately RMB156,275,000 (2014: RMB213,783,000).

## 17. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES (CONTINUED)

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

(i) On 12 June 2013, the Group entered into a lease agreement of 50 years with the Land and Resource Department of Huian ("Huian Land and Resource Department"). In respect of the lease agreement, the Group has fully paid to Huian Land and Resource Department and Huian Local Taxation Bureau of approximately RMB39,808,000 and RMB3,220,000 respectively. The parcel of land covering in area of 75,824 mu in aggregate in Fujian Province Quanzhou City for the purpose of cultivating produce for the Group's beverage business.

(ii) Impairment loss recognised in the current year
As the poor result of the Group's fresh produce and processed products segment for the year ended 30 April 2015 and 2014. The Group carried out a review of the recoverable amount that the interests in leasehold land held for own use under operating leases. Please refer to note 20 for details.

During the year, the impairment loss recognised on interests in leasehold land held for own use under operating leases of approximately RMB2,715,000 (2014: 27,188,000) which are located in PRC. The impairment losses have been included in the other losses of the consolidated statement of profit or loss and other comprehensive income.

(iii) Interests in leasehold land with a carrying amount of approximately RMB85,121,000 (2014: RMB121,395,000) have been pledged to secure banking facilities granted to the Group.

## 18. 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:

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| **Cost:** | | |
| At 1 May | **1,962,632** | 1,962,632 |
| Disposal | **(178,000)** | – |
| At 30 April | **1,784,632** | 1,962,632 |
| **Accumulated amortisation and impairment loss:** | | |
| At 1 May | **624,971** | 437,537 |
| Amortisation for the year (Note 6(c)) | **104,777** | 120,468 |
| Impairment loss recognised in profit or loss | **128,212** | 66,966 |
| Written back on disposal | **(178,071)** | – |
| At 30 April | **679,889** | 624,971 |
| **Carrying amount:** | | |
| At 30 April | **1,104,743** | 1,337,661 |

Analysis of long-term prepaid rentals is as follows:

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Non-current portion | **1,007,373** | 1,217,284 |
| Current portion | **97,370** | 120,377 |
| Carrying amount at 30 April | **1,104,743** | 1,337,661 |

## 18. LONG-TERM PREPAID RENTALS (CONTINUED)

Notes:

Impairment loss recognised for the year

(i) As the poor result of the Group's fresh produce for the year ended 30 April 2015 and 2014. The Group carried out a review of the recoverable amount that the long-term prepaid rentals. Please refer to note 20 for details.

The impairment loss recognised on long-term prepaid rentals of approximately RMB42,777,000 (2014: RMB 66,966,000) which are located in PRC. The impairment losses have been included in the other losses of the consolidated statement of profit or loss and other comprehensive income.

(ii) During the year 2015, the Group had entered into withdrawal agreements with local governments in relation to withdraw certain portion of prepaid farmland located in Hebei and Fujian provinces. After negotiation with the local governments, the prepaid rental of approximately RMB85,364,000 is not probably recoverable. Therefore, the impairment loss recognised on the withdrawal of farmlands was RMB85,364,000 and have been included in the other losses of the consolidated statement of profit or loss and other comprehensive income.

## 19. DEPOSITS PAID FOR ACQUISITION OF FIXED ASSETS

### The Group

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Deposits paid for acquisition of property, plant and equipment | **–** | 317,292 |

Note:

As at 30 April 2015, deposits paid for acquisition of fixed assets of approximately RMB317,292,000 have been reclassified as to assets classified as held for sale (note 23).

## 20. IMPAIRMENT TESTING ON CASH GENERATING UNIT

During the year, the continuing decline of the financial performance of the Group's fresh produce and processed products segment (Cash Generating Units the "CGUs") was mainly due to the decline in sales domestically. As there is no sign of recovery in the export business either no break through in the domestic sales of fresh produce and processed products, the Group considered it was an indication that the assets of the fresh produce and processed products may be impaired. The review was performed by an independent qualified valuer as at 30 April 2015 and 2014 and the values in use of the CGUs have been measured by using cash flow projections based on the cash flows covering a five year period with discount rate and terminal growth rate of 12.18% (2014:15.97%) and 3% (2014:3%) respectively.

The key assumptions included in the cash flow projection were as follows:

(a) the Group's business transformation continued with an aim to transform the Group from being a pure agricultural company to produce various multi-grain related products by utilising the own farmlands; and

(b) the sales focus will be transformed to domestic market.

The impairment loss of approximately RMB84,486,000 (2014:RMB244,464,000) was allocated to each individual assets of the CGUs pro rata on the basis of the carrying amounts of each asset in CGUs. The amount was allocated as follows:

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Property, plant and equipment (Note 16) | **38,994** | 150,310 |
| Long-term prepaid rentals (Note 18) | **42,777** | 66,966 |
| Interests in leasehold land held for own use under operating leases (Note 17) | **2,715** | 27,188 |
| | **84,486** | 244,464 |

## 21. INVESTMENTS IN SUBSIDIARIES

### The Company

| | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|
| Unlisted shares, at cost | | |
| At 1 May | **223,117** | 225,732 |
| Exchange realignment | **(2,299)** | (2,615) |
| At 30 April | **220,818** | 223,117 |

| 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$30,000,000 | 100% | – | 100% | Trading of agricultural products |
| China Green Resources (Xiamen) Sales Co., 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 |

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### The Company (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 (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 |
| Zhonglu (Quanzhou) Green Foods Developing Co., Ltd. (Note (ii)) | The PRC | HK$175,000,000 | 100% | – | 100% | Processing and sales of beverage products |
| China Green Hubei Industry Co., Ltd. (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 Co., Limited (Note (iii)) | The PRC | RMB50,000,000 | 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 |

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### The Company (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)** | | | | | | |
| China Green (Fuyang) Beverages Science and Technology Development Limited (Note (iii)) | The PRC | RMB100,000,000 | 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 beverage products |
| Xiamen Culiangwang Beverage Technology Co., Ltd. (Note iii) | The PRC | RMB100,000,000 | 100% | – | 100% | Inactive |
| Quanzhou Culiangwang Beverage Development Co., Ltd. (Note iii) | The PRC | RMB100,000,000 | 100% | – | 100% | Inactive |

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 results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Listed investments: | | |
| Equity securities listed in Hong Kong | **42,818** | – |

Notes:

On 28 October 2014, the Company and Oriental Unicorn Agricultural Group Limited ("OUA") (now known as China Demeter Investments Limited) entered into:

(i) the subscription agreement dated 28 October 2014, pursuant to which the Company has conditionally agreed to subscribe for and OUA has conditionally agreed to issue 260,000,000 new shares of OUA ("OUA Share") at the subscription price of HK$0.175 per OUA Share for an aggregate consideration of HK$45,500,000, which shall be satisfied by cash payment by the Company to OUA. The subscription was completed on 10 November 2014.

(ii) the subscription agreement dated 28 October 2014, pursuant to which the Company has conditionally agreed to subscribe for and OUA has conditionally agreed to issue 83,000,000 new OUA Shares at the subscription price of HK$0.175 per OUA Share for an aggregate consideration of HK$14,525,000, which shall be satisfied by cash payment by the Company to OUA. The subscription was completed on 11 February 2015.

The fair value of available-for-sale financial assets is reference to quoted market price.

## 23. ASSETS CLASSIFIED AS HELD FOR SALE

As described in note 8, the Group is seeking to dispose of its beverage business operation. The directors of the Company expect that the fair value less cost to sell of business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities held for sale as at 30 April 2015. The major classes of assets and liabilities of the beverage business at the end of the reporting period are as follows:

| | 2015<br>RMB'000 |
|---|---|
| Property, plant and equipment | **798,676** |
| Interests in leasehold land held for own use under operating leases | **50,456** |
| Pledged bank deposits | **31,750** |
| Deposits paid for acquisition of fixed assets | **317,292** |
| Inventories | **45,529** |
| Trade and other receivables | **15,269** |
| Cash and cash equivalents | **456,982** |
| Assets of beverage business classified as held for sale | **1,715,954** |
| Trade payables | **17,937** |
| Liabilities of beverage business associated with assets classified as held for sale | **17,937** |
| Net assets of beverage business classified as held for sale | **1,698,017** |

Note:

Property, plant and equipment and pledged bank deposits with carrying amounts of approximately RMB82,186,000 and RMB31,750,000 had been pledged to secure banking facilities granted to the Group respectively.

## 24. INVENTORIES

### The Group

| | Notes | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|---|
| Raw materials | (i) | **1,899** | 9,436 |
| Agricultural materials | (ii) | **260** | 3,730 |
| Consumable and packing materials | (iii) | **138** | 19,698 |
| Finished goods | | **320** | 19,043 |
| | | **2,617** | 51,907 |

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) As at 30 April 2015, inventories of approximately RMB45,529,000 have been reclassified to assets classified as held for sale (note 23).

## 25. BIOLOGICAL ASSETS

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

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| At 1 May | **13,267** | 40,893 |
| Gain arising from changes in fair value less costs to sell | **59,160** | 18,224 |
| Increase due to plantation | **274,336** | 222,229 |
| Decrease due to harvest | **(325,123)** | (268,079) |
| At 30 April | **21,640** | 13,267 |

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

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Vegetables | **11,253** | 13,267 |
| Fruit | **10,387** | – |
| | **21,640** | 13,267 |

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

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| At fair value less costs to sell | **21,640** | 13,267 |

Vegetables and fruit were stated at fair value less costs to sell as at 30 April 2015 and 2014. 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.

## 25. BIOLOGICAL ASSETS (CONTINUED)

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

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Quantity (tons) | RMB'000 | Quantity (tons) | RMB'000 |
| Vegetable and rice | **165,976** | **262,501** | 155,262 | 217,054 |
| Fish | **7,628** | **43,102** | 4,632 | 44,810 |
| Fruit | **8,793** | **19,520** | 3,077 | 6,215 |
| | **182,397** | **325,123** | 162,971 | 268,079 |

*The Qualification of Valuer*

The Group's biological assets were valued by independent professional valuer as at 30 April 2015 (the "Valuation Date"). The professional valuers in charge of this valuation have appropriate qualifications and relevant experience in various appraisal assignments involving biological assets. The independent professional valuers involved in this valuation include a professional member of the Royal Institution of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and have appraisal experience in a broad range of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets in the PRC, Hong Kong, Europe and abroad.

*Valuation methodology of Biological Assets*

The valuation of the biological assets has been prepared in accordance with the HKIS Valuation Standards 2012 Edition published by Hong Kong Institute of Surveyors, International Valuation Standards 2013 published by International Valuation Standards Council.

Referring to the HKIS Valuation Standards 2012 Edition, valuation undertaken for inclusion in a financial statement shall observe and refer to the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (i.e. HKICPA), including HKAS41 Agriculture.

In the process of valuating the biological assets, the valuer has adopted income approach and taken into consideration the nature and specialty of the biological assets.

The discount rate applied in the valuation was 10.85% (2014: 11.50%).

## 25. BIOLOGICAL ASSETS (CONTINUED)

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

*Work done on physical existence and quantity of biological assets*

During the year, the Group had performed physical counts and verified the conditions of the agricultural produces and biological assets. The coverage of physical counts representing 100% of the agricultural produces as carried in the consolidated statement of financial position as at 30 April 2015.

In regarding to the biological assets, the Group had observed the growthing conditions and cross checked with the plantation plans. To ensure the biological assets growthing status are meet to the target.

As at the ended of reporting period, the independent professional valuer had conducted the site inspection and observed the growing status and conditions of the biological assets and agricultural produce in Hubei Province.

**Valuation Assumptions**

- The projected producer selling price is approximately 49% (2014: 48%) of the retail selling price, after considering profit margins for dealers and wholesalers;
- There will be no force majeure, including natural disasters that could adversely impact the conditions of the biological assets and their harvest;
- For the Group to continue as a going concern, the Group will successfully carry out all necessary activities for the development of its business;
- Market trends and conditions where the Group operates will not deviate significantly from the economic forecasts in general;
- The availability of finance will not be a constraint on the forecast growth of the biological assets in accordance with the projected harvest of the biological assets;
- Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Group;
- There will be no material changes in the Group's business strategy and its operating structure;
- Interest rates and exchange rates in the localities for the operation of the Group will not differ materially from those presently prevailing;
- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organisation required to operate in the localities where the Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Group after the harvest of the biological assets.

## 26. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Amounts due from subsidiaries | **–** | – | **1,750,823** | 1,771,418 |
| Trade receivables | **3,837** | 47,030 | **–** | – |
| Other receivables (Note) | **20,741** | 109,080 | **–** | – |
| Loans and receivables | **24,578** | 156,110 | **1,750,823** | 1,771,418 |
| Rental and other deposits | **668** | 496 | **444** | 401 |
| Interest in leasehold land held for own use under operating leases | **2,961** | 5,640 | **–** | – |
| Prepayments | | | | |
| – to suppliers | **43,770** | 6,595 | **–** | – |
| – to others | **50** | 4,098 | **–** | – |
| Value added tax recoverable | **3,996** | 4,008 | **–** | – |
| | **76,023** | 176,947 | **1,751,267** | 1,771,819 |

The amounts due from subsidiaries are unsecured, non-interest bearing and recoverable 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 RMB346,000 (2014: approximately RMB427,000) is due from the Group's largest customer. There were nine customers who represent more than 5% of the total balance of trade receivables for the year 2015 (2014: Nil).

Note:

The other receivables mainly consist of the consideration, net of tax, receivable from disposal of a subsidiary of approximately RMB99,632,000 for the year ended 30 April 2014.

## 26. 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 | |
|---|---|---|
| | **2015** | 2014 |
| | **RMB'000** | RMB'000 |
| Within 1 month | **3,837** | 33,054 |
| Over 1 month but within 3 months | **–** | 13,976 |
| | **3,837** | 47,030 |

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 | |
|---|---|---|
| | **2015** | 2014 |
| | **RMB'000** | RMB'000 |
| Over 1 month but within 3 months | **–** | 13,976 |

(c) As at 30 April 2015, trade receivables of approximately RMB15,269,000 have been reclassified to assets classified as held for sale (note 23).

## 27. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rate ranging from 0.75% to 4.25% (2014: 0.75% to 4.25%) per annum. Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 30 April 2015, approximately RMB255,879,000 and RMB31,750,000 (2014: 274,750,000) bank deposits were pledged for long term bank borrowings with maturity over one year for continuing operations and discontinuing operations respectively.

## 28. CASH AND CASH EQUIVALENTS

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

**The Group**

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Cash at bank | **141,579** | 294,624 |
| Cash on hand | **136** | 218 |
| Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows | **141,715** | 294,842 |

**The Company**

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Cash at bank | **29,620** | 7,192 |
| Cash and cash equivalents in the statement of financial position | **29,620** | 7,192 |

Included in the cash and bank balances at the ended of the reporting period were amounts of approximately RMB111,330,000 (2014: approximately RMB283,687,000) which not freely convertible into other currencies.

As at 30 April 2015, cash and cash equivalent of approximately RMB456,982,000 have been reclassified as assets of cash as held for sale (note 23).

## 28. CASH AND CASH EQUIVALENTS (CONTINUED)

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

| | Note | The Group 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/profit before taxation | | | |
| – Continuing operations | | **(449,488)** | (660,999) |
| – Discontinuing operations | 8 | **269,378** | 268,596 |
| | | **(180,110)** | (392,403) |
| Adjustments for: | | | |
| Amortisation of interests in leasehold land held for own use under operating leases | 17 | **4,989** | 6,305 |
| Amortisation of long-term prepaid rentals | 18 | **104,777** | 120,468 |
| Depreciation of property, plant and equipment | 16 | **178,380** | 210,340 |
| Net loss arising from changes in fair value of other financial liabilities | 33 | **13,157** | 21,849 |
| Loss on disposal of property, plant and equipment | 6(c) | **25,896** | 21,609 |
| Loss on disposal of a subsidiary | 37 | **14,036** | 50,338 |
| (Gain)/loss on changes in fair values less costs to sell biological assets | | **(5,745)** | 7,952 |
| Impairment loss on recognised on property, plant and equipment | 16 | **38,994** | 150,310 |
| Impairment loss on long-term prepaid rentals | 18 | **128,212** | 66,966 |
| Impairment loss recognised on interests in leasehold land held for own use under operating leases | 17 | **2,715** | 27,188 |
| Interest income | | **(15,007)** | (9,670) |
| Interest expenses | | **157,371** | 149,442 |
| Loss/(gain) on redemption of convertible bonds | 5(b) | **4,675** | (1,056) |
| | | **472,340** | 429,638 |
| Changes in working capital: | | | |
| Decrease in inventories | | **3,762** | 9,685 |
| (Increase)/decrease in biological assets | | **(2,627)** | 19,674 |
| Decrease in trade and other receivables | | **95,502** | 20,758 |
| Decrease in amount due to a director | | **(7,995)** | – |
| Increase in trade and other payables | | **54,679** | 81,742 |
| **Cash generated from operations** | | **615,661** | 561,497 |

## 28. CASH AND CASH EQUIVALENTS (CONTINUED)

### (c) Non-cash transactions:

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

1. During the year ended 30 April 2014, the addition of property, plant and equipment and long-term prepaid rental of approximately RMB3,200,000 and RMB39,667,000 respectively which has been paid in previous year and accounted in deposits paid for acquisition of fixed assets.

2. During the year ended 30 April 2014, the Group has issued two new convertible bonds with the aggregate principal amount of RMB515,280,000 each and with the USD settled at 7% and 10% respectively. The new bonds were the extension of the convertible bonds 2013. There was no cash flow into the Group during the year ended 30 April 2014. For details, please refer to Note 34.

3. During the year ended 30 April 2014, the Group disposed of its interest in Zhonglu (Shanghai) Industry Investment Limited. Sales proceeds, net of tax, of approximately RMB99.6 million have not been received in cash during the year ended 30 April 2014. The consideration was received during the year ended 30 April 2015. For details, please refer to Note 37.

## 29. DUE TO A DIRECTOR/A SHAREHOLDER

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

## 30. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Amount due to a subsidiary | **–** | – | **181,351** | 72,493 |
| Trade payables | **523** | 41,550 | **–** | – |
| Accrued salaries and wages | **8,181** | 8,308 | **–** | – |
| Accruals and other payables (Note i) | **84,696** | 126,008 | **35,093** | 28,779 |
| Financial liabilities measured at amortisation cost | **93,400** | 175,866 | **216,444** | 101,272 |
| Deposit received (Note ii) | **123,938** | – | **–** | – |
| Receipts in advance | **7,228** | 4,802 | **–** | – |
| Other taxes payable | **9,653** | 10,972 | **–** | – |
| | **234,219** | 191,640 | **216,444** | 101,272 |

Note:

(i) For the year ended 30 April 2014, included in other accruals and payables was the deposits received which represents RMB50,000,000 received from a third party for the disposal of the 100% equity interests in Zhonglu (Shanghai) Industry Investment Limited and RMB11,916,000 received from Oriental Unicorn Agricultural Group Limited ("OUA") for the intended cooperation (For details of the intended cooperation, please refer to the joint announcement made by OUA and the Company on 27 March 2014 and 27 June 2014).

(ii) The deposit of USD20,000,000 (approximately to RMB123,938,000) received from CCBSL regarding the proposed disposal of beverages business during the year ended 30 April 2015.

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

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **RMB'000** | RMB'000 |
| Within 1 month | **523** | 41,550 |

(iii) As at 30 April 2015, trade payable of approximately RMB17,937,000 have been reclassified to assets classified as held for sale (note 23).

## 31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **RMB'000** | RMB'000 |
| At 1 May | **25,507** | 23,613 |
| Provision for the PRC Enterprise Income tax for the year (Note 7(a)) | **96,519** | 83,043 |
| Tax paid during the year | **(95,848)** | (81,149) |
| At 30 April | **26,178** | 25,507 |

### (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 2013 | 70,876 | – | 70,876 |
| Recognised directly in equity | – | 16,309 | 16,309 |
| Exchange realignment | – | (11) | (11) |
| Credited to profit or loss (Note 7(a)) | – | (747) | (747) |
| Released upon disposal of a subsidiary | (238) | – | (238) |
| At 30 April 2014 and 1 May 2014 | 70,638 | 15,551 | 86,189 |
| Exchange realignment | – | (689) | (689) |
| Credited to profit or loss (Note 7(b)) | – | (7,080) | (7,080) |
| At 30 April 2015 | 70,638 | 7,782 | 78,420 |

## 31. 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 2013 | – |
| Recognised directly in equity | 16,309 |
| Exchange realignment | (11) |
| Credited to profit or loss | (747) |
| At 30 April 2014 and 1 May 2014 | 15,551 |
| Exchange realignment | (689) |
| Credited to profit or loss | (7,080) |
| **At 30 April 2015** | **7,782** |

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 2015, deferred tax liabilities of approximately RMB70,638,000 (2014: RMB70,638,000) 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 RMB273,119,000 (2014: RMB243,089,000) 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 2015 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2015.

### (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 RMB329,722,000 (2014: RMB248,819,000) 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.

## 32. BANKS AND OTHER BORROWINGS

### The Group

| | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|
| Bank loans | **763,462** | 711,786 |
| Loan from other entities | **298,342** | 67,523 |
| | **1,061,804** | 779,309 |
| Secured | **763,462** | 711,786 |
| Unsecured | **298,342** | 67,523 |
| | **1,061,804** | 779,309 |
| – Within one year | **544,638** | 246,571 |
| – More than one year, but not exceeding two years | **277,166** | 108,296 |
| – More than two years, but not more than five years | **240,000** | 424,442 |
| | **1,061,804** | 779,309 |
| Less: Amounts shown under current liabilities | **(544,638)** | (246,571) |
| | **517,166** | 532,738 |

## 32. BANKS AND OTHER BORROWINGS (CONTINUED)

### The Company

| | 2015 RMB'000 | 2014 RMB'000 |
|---|---|---|
| Bank loans | **277,166** | 379,490 |
| Loan from other entities | **298,342** | 67,523 |
| | **575,508** | 447,013 |
| Secured | **277,166** | 379,490 |
| Unsecured | **298,342** | 67,523 |
| | **575,508** | 447,013 |
| – Within one year | **298,342** | 166,571 |
| – More than one year, but not exceeding two years | **277,166** | – |
| – More than two years, but not more than five years | **–** | 280,442 |
| | **575,508** | 447,013 |
| Less: Amounts shown under current liabilities | **(298,342)** | (166,571) |
| | **277,166** | 280,442 |

Notes:

(a) The ranges of effective interest rates (which equal to contracted interest rates) on the Group's bank borrowings are as follows:

| | 2015 | 2014 |
|---|---|---|
| *Effective interest rate:* | | |
| Fixed-rate borrowings | **5.0% to 7.3%** | 5.0% to 10% |
| Variable-rate borrowings | **4.8% to 10.7%** | 7.2% to 8.65% |

(b) As at 30 April 2015, bank deposits amounting to approximately RMB255,9 million (2014: RMB388.8 million) had been pledged to secure the Group's bank loans and banking facilities of the continuing operations and approximately RMB31.8 million of discontinuing operations in relation to letter of credit. In addition, certain property, plant and equipment and interest in leasehold land with book value amounting to approximately RMB469.2 million (2014: RMB443.8 million) had been pledged to secure the Group's bank loans for the purpose of working capital.

(c) On 8 April 2015, the Company had issued interest bearing notes with the principal amount of HKD380,000,000 (approximately to RMB298,342,000). The notes bearing interest of 19.2% per annum and will be matured in 6 months after issued. On 15 July 2015, the Company made an early redemption of the notes before its maturity in full together with the accrued interest.

## 33. OTHER FINANCIAL LIABILITIES

### The Group and the Company

| | RMB'000 |
|---|---|
| At 1 May 2012, 30 April 2013 and 1 May 2013 | – |
| Charged to profit or loss | 21,849 |
| Exchange realignment | 53 |
| At 30 April 2014 and 1 May 2014 | 21,902 |
| Charged to profit or loss | 13,157 |
| Exchange realignment | (366) |
| At 30 April 2015 | 34,693 |

The Company entered into the master framework and subscription agreement ("Agreement") with Peking University V-Ming (Shanghai) Investment Holdings Co. Limited (the "Lender") and Partner Shanghai Limited (the "Subscriber") after trading hours on 4 September 2013. The Lender agreed to grant a loan in a total amount of RMB240 million (equivalent to approximately HK$303.6 million and guaranteed by the subsidiaries) to China Green Foods Group Co. Ltd., a subsidiary of the Company. The Loan is for a term of five years at an annual interest rate of 5%, with a review to extending the term for two years upon expiry of the initial term, upon discussions with the Company and the Lender. In consideration of the loan, the Subscriber, an affiliate of the Lender, agreed to subscribe as principal and the Company agreed to issue and allot 226,553,576 new shares of the Company. The loan will effectively provide the Company with the necessary funding to repay the bonds due on 12 April 2013. The outstanding principal and interest amounts in relation to the loan shall become immediately due and payable in full after payment of the subscription.

On 20 June 2014, the parties to the Agreement and Tsinghua Redbud Holding Ltd. ("Tsinghua Redbud") entered into a novation agreement (the "Novation Agreement"), pursuant to which, all the rights, benefits and obligations under the Agreement including the Loan granted by Tsinghua Redbud (as duly authorized nominee of the Lender) through the Entrusted PRC Bank were novated by the Lender to Tsinghua Redbud upon the signing of the Novation Agreement. All the obligations and liabilities of the Lender under the Agreement have been released save for any liabilities or breaches accrued prior to the execution of the Novation Agreement. For the detail, please refer to the announcement published by Company on 20 June 2014.

## 33. OTHER FINANCIAL LIABILITIES (CONTINUED)

### The Group and the Company (continued)

The total outstanding shares of the Company as at 4 September 2013 and 30 April 2015 (the Valuation Dates) were approximately 884.04 million shares and 1,986.6 million shares respectively. The Option was granted by the Company on 4 September 2013, and represents approximately 25.63% and 11.40% of the outstanding shares respectively, amounting to 226,553,576 shares upon exercise. The Subscriber can subscribe the shares at HK$1.34 per share and are valid for a period of 7 years, starting from the date of issue. Subject to the terms and conditions of clause 2.2 under the Agreement:

- the Subscriber to subscribe for the new shares at any time before the maturity at the option of the Subscriber;
- the Subscriber becomes obliged to subscribe for the shares at maturity, on conditions that there are no formal legal proceedings or other disciplinary actions by Securities and Futures Commission (the "SFC") (or any other government body or regulator) against the Company or any of its existing management term during the term of the Loan; or
- the Subscriber becomes obliged to subscribe for the new shares within 60 days upon the resolution of the investigation conducted by the SFC to the satisfaction of the Subscriber.

*Valuation of option:*

The fair values were arrived at based on the valuation out at that date by independent firms of qualified professional valuers. The valuation of option was valued using Black-Scholes Option Pricing Model which calculates the price variation over time of financial instruments.

Major inputs into the valuation model:

| | |
|---|---|
| Issue date: | 4 September 2013 |
| First exercise date: | 4 September 2013 |
| Maturity date: | 3 September 2020 |
| Underlying share price: | HK$0.49 |
| Exercise price: | HK$1.34 |
| Risk free rate: | 1.65% |
| Volatility: | 60.14% |
| Dividend yield: | 0% |
| Time to maturity: | 7 years |

The option outstanding at the end of the year has a remaining contractual life of 5.35 years.

## 34. CONVERTIBLE BONDS

### The Group and the Company

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 to the bondholders 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:

## 34. CONVERTIBLE BONDS (CONTINUED)

### The Group and the Company (continued)

The convertible bonds information are presented as follows:

| | **Convertible bonds at 7%** | **Convertible bonds at 10%** |
|---|---|---|
| Principal amount: | | |
| – as at 13 November 2013 | RMB515,280,000 | RMB515,280,000 |
| – as at 30 April 2015 | RMB515,280,000 | RMB174,267,696 |
| | in USD settlement | in USD settlement |
| Interest: | 7% p.a. payable semi-annually | 10% p.a. payable semi-annually |
| Issue date: | 13 November 2013 | 13 November 2013 |
| Maturity date: | 12 April 2016 | 12 April 2016 |
| Conversion price per share | HK$1.34 | HK$11.244 |
| | Adjustment of conversion price | Adjustment of conversion price |
| | –28 March 2014 HK$1.29 | –28 March 2014 HK$10.89 |
| | –22 September 2014 HK$1.09 | –22 September 2014 HK$9.25 |
| | –24 October 2014 HK$1.01 | –24 October 2014 HK$8.63 |
| Mandatory redemption | | |
| –12 April 2014 | N.A. | approx. RMB120.3 million |
| –12 April 2015 | N.A. | approx. RMB220.7 million |
| –12 October 2015 | N.A. | approx. RMB120.3 million |
| –12 April 2016 | N.A. | approx. RMB54.0 million |

## 34. CONVERTIBLE BONDS (CONTINUED)

The convertible bonds recognised in the statement of financial position was calculated as follows:

| | Convertible Bonds 2016 at 7% RMB'000 | Convertible Bonds 2016 at 10% RMB'000 | Total RMB'000 |
|---|---|---|---|
| Liability component | 457,078 | 496,681 | 953,759 |
| Equity component | 52,402 | 12,799 | 65,201 |
| Nominal value of Convertible Bonds issued on 13 November 2013 | 509,480 | 509,480 | 1,018,960 |
| Liability component at 13 November 2013 (Date of issue) | 457,078 | 496,681 | 953,759 |
| Imputed interest charge | 26,566 | 26,430 | 52,996 |
| Less: Coupon interest paid | (15,123) | (21,604) | (36,727) |
| Less: Redemption | – | (120,356) | (120,356) |
| Exchange realignment | (6) | (1,337) | (1,343) |
| As at 30 April 2014 | 468,515 | 379,814 | 848,329 |
| Imputed interest charge | 59,528 | 44,270 | 103,798 |
| Less: Coupon interest paid | (37,107) | (38,369) | (75,476) |
| Less: Redemption | – | (216,356) | (216,356) |
| Exchange realignment | 850 | 3,940 | 4,790 |
| As at 30 April 2015 | 491,786 | 173,299 | 665,085 |

The imputed interest expenses on the convertible bonds at 7% and 10% are calculated using effective interest method by using the effective interest rate of from the range of 12.15% to 12.48% (2014: 12.06% to 12.82%) respectively. The valuation of Convertible Bonds 2016 was performed by which is an independent qualified professional valuer of the Company.

## 34. CONVERTIBLE BONDS (CONTINUED)

Analysis of long-term convertible bonds is as follows:

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| Non-current portion | – | 669,628 |
| Current portion | 665,085 | 178,701 |
| Carrying amount at 30 April | 665,085 | 848,329 |

## 35. 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:

| | Share capital RMB'000 | Share premium RMB'000 | Contributed surplus RMB'000 | Share-based compensation reserve RMB'000 | Available-for-sales financial assets revaluation reserve RMB'000 | Convertible bonds reserve RMB'000 | Exchange reserve RMB'000 | Accumulated loss RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 May 2013 | 92,236 | 702,532 | 294,402 | 25,142 | – | 46,108 | (276,902) | (247,906) | 635,612 |
| Exchange differences on translation into presentation currency | – | – | – | – | – | – | (7,845) | – | (7,845) |
| Loss for the year | – | – | – | – | – | – | – | (199,473) | (199,473) |
| Total comprehensive loss for the year | – | – | – | – | – | – | (7,845) | (199,473) | (207,318) |
| Transfer to retained profits upon the restructuring of convertible bonds 2013 | – | – | – | – | – | (46,108) | – | 46,108 | – |
| Recognition of the equity component of convertible bonds | – | – | – | – | – | 48,892 | – | – | 48,892 |
| Mandatory redemption of convertible bonds | – | – | – | – | – | (3,728) | – | 3,728 | – |
| Top-up placing, net of transaction cost | 14,041 | 66,367 | – | – | – | – | – | – | 80,408 |
| Transfer to accumulated loss upon lapse of share options | – | – | – | (25,142) | – | – | – | 25,142 | – |
| At 30 April 2014 and 1 May 2014 | 106,277 | 768,899 | 294,402 | – | – | 45,164 | (284,747) | (372,401) | 557,594 |
| Exchange difference on translation of financial statements of overseas subsidiaries | – | – | – | – | – | – | (19,160) | – | (19,160) |
| Change in fair value of available for sale financial assets | – | – | – | – | (4,309) | – | – | – | (4,309) |
| Loss for the year | – | – | – | – | – | – | – | (167,987) | (167,987) |
| Total comprehensive loss for the year | – | – | – | – | (4,309) | – | (19,160) | (167,987) | (191,456) |
| Mandatory redemption of convertible bonds | – | – | – | – | – | (3,296) | 11 | 3,285 | – |
| Issue of shares upon open offer, net of transaction cost | 41,998 | 60,410 | – | – | – | – | – | – | 102,408 |
| Issue of shares, net of transaction cost | 31,300 | 45,828 | – | – | – | – | – | – | 77,128 |
| **At 30 April 2015** | **179,575** | **875,137** | **294,402** | **–** | **(4,309)** | **41,868** | **(303,896)** | **(537,103)** | **545,674** |

## 35. CAPITAL AND RESERVES (CONTINUED)

### (b) Share Capital

*(i) Authorised and issued share capital*

| | Number of Ordinary Shares of HK$0.10 each '000 | Nominal value HK$'000 | RMB equivalent RMB'000 |
|---|---|---|---|
| Authorised: | | | |
| At 1 May 2013, 30 April 2014, 1 May 2014 | 2,000,000 | 200,000 | 212,000 |
| Increase for the year | 1,000,000 | 100,000 | 79,178 |
| At 30 April 2015 | 3,000,000 | 300,000 | 291,178 |
| Issued and fully paid: | | | |
| At 1 May 2012, 30 April 2013 and 1 May 2013 | 884,036 | 88,404 | 92,236 |
| Issues of shares (Note 1) | 176,805 | 17,680 | 14,041 |
| At 30 April 2014 | 1,060,841 | 106,084 | 106,277 |
| Issue of shares upon open offer (Note 2) | 530,420 | 53,042 | 41,998 |
| Issue of shares (Note 3) | 395,328 | 39,533 | 31,300 |
| At 30 April 2015 | 1,986,589 | 198,659 | 179,575 |

(1) On 14 March 2014, the Company entered into (1) a top-up placing agreement with Oriental Patron Securities Limited as placing agent (the "Placing Agent") and Capital Mate Limited, the controlling shareholder of the Company and wholly and beneficially owned by Mr. Sun Shao Feng, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company, as vendor (the "Vendor") for the top-up placing of up to 176,807,000 shares ("Top-up Placing Shares") in the capital of the Company ("Top-up Placing"); and (2) a top-up subscription agreement with the Vendor for the top-up subscription for such number of shares as is equal to the number of Top-up Placing Shares successfully placed by the Placing Agent ("Top-up Subscription"). Completion of the Top-up Placing took place on 19 March 2014 and an aggregate of 176,805,000 Top-up Placing Shares have been successfully placed to not less than six placees, and completion of the Top-up Subscription took place on 28 March 2014 and 176,805,000 new shares were allotted and issued to the Vendor. The net proceeds from the Top-up Subscription are approximately RMB80.4 million (approximately HK$101.5 million). Details of both Top-up Placing and Top-up Subscription were set out in the announcements of the Company dated 14 March 2014, 17 March 2014 and 28 March 2014.

## 35. CAPITAL AND RESERVES (CONTINUED)

### (b) Share Capital (continued)

#### *(i) Authorised and issued share capital (continued)*

(2) On 22 September 2014, the Company completed an open offer of 530,420,270 shares at the subscription price of HK$0.25 per offer share on the basis of one offer share for every two existing shares held on 27 August 2014. The net proceeds, after deducting the underwriting commission and other related expenses payable by the Company, were approximately HK$128.6 million (approximately to RMB102.4 million). The net proceeds from the open offer used by the Company (i) as to approximately HK$48 million (approximately to RMB38.4 million) for the payment of interest of convertible bonds (ii) as to HK$58.7 million (approximately to RMB47 million) to reduce the debt level of the Group and the remaining net proceeds used for general working capital.

(3) On 13 August 2014, the Company and Jun Yang Solar Power Investments Limited ("Jun Yang") entered into the subscription agreement, pursuant to which Jun Yang has conditionally agreed to subscribe for, and the Group has conditionally agreed to allot and issue, 395,328,000 subscription shares at the subscription price of HK$0.25 per subscription share. The net proceeds, after deducting the transaction cost and other related expenses payable by the Company, were approximately HK$98 million (approximately to RMB77.1 million). The share subscription was completed on 24 October 2014. The net proceeds from the subscription used by the Company (i) as to approximately HK$30.8 million (approximately to RMB24.2 million) for reduction of Group's debt level; (ii) approximately HK$21.7 million (approximately to RMB17.1 million) for general working capital; and (iii) the remaining net proceeds from subscription mainly for subscribed equity shares in Oriental Unicorn Agricultural Group Limited (now known as China Demeter Investments Limited).

(4) 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.

## 35. 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.

## 35. 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 realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account. As at 30 April 2015, the reserves of the Company were not available for distribution (2014: Nil). In addition, the Company's share premium account, in the amount of approximately RMB875,137,000 at 30 April 2015 (2014: RMB768,899,000), 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.

## 35. 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 un-accrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity.

During the year ended 30 April 2015, 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 2015 and 2014 was as follows:

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2015** | 2014 | **2015** | 2014 |
| | Notes | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Trade and other payables | 30 | **234,219** | 191,640 | **216,444** | 101,272 |
| Amount due to a director | 29 | **–** | 7,995 | **–** | 7,995 |
| Amount due to a shareholder | 29 | **–** | 2,815 | **–** | 2,815 |
| Bank and other borrowings | 32 | **1,061,804** | 779,309 | **575,508** | 447,013 |
| Convertible bonds | 34 | **665,085** | 848,329 | **665,085** | 848,329 |
| Total debts | | **1,961,108** | 1,830,088 | **1,457,037** | 1,407,424 |
| Less: Cash and cash equivalents | | **(141,175)** | (294,842) | **(29,620)** | (7,192) |
| **Net debt** | | **1,819,933** | 1,535,246 | **1,427,417** | 1,400,232 |
| Total equity | 35 | **3,489,391** | 3,581,841 | **545,674** | 557,593 |
| **Adjusted net debt-to-equity ratio** | | **52%** | 43% | **262%** | 251% |

## 35. CAPITAL AND RESERVES (CONTINUED)

### (e) Capital management (continued)

The adjusted net debt-to-equity ratio of the Company was over 100% as at 30 April 2015 and 2014. The Company regarded that such situation was short term only. In order to maintain or adjust the capital structure, the Company may adjust the dividends from subsidiaries and the dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Pursuant to the terms and conditions of the 7.00 per cent. 2016 Bonds and the 10.00 per cent. 2016 Bonds effective on 13 November 2013, 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 at any time the aggregate amount of all obligations of the Group for or in respect of borrowings and so that no amount shall be included or excluded more than once. During the period starting nine months before the maturity date and up to and including the maturity date, any obligations of the Group for or in respect of borrowings used to refinance or repay the bonds shall not be included in the calculation of total gross debt provided that the Group has expressly and publicly undertaken to use the proceeds of such new borrowings to repay the bonds and applies the proceeds of such new borrowings to refinance or repay the bonds. In such event, the amount of the bonds to be repaid will be deducted from the total gross debt. 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.

## 36. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 18 October 2013, the shareholders of the Company approved the adoption of a new share option scheme ("New Share Option Scheme") and terminated the share option scheme adopted on 12 December 2003 (the "Old Scheme"). The principal terms of the New Share Option Scheme are as follows:

(i) The total number of shares which may be issued and allotted upon exercise of all options to be granted under the New Share Option 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 New Share Option Scheme, i.e. 18 October 2013 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.

(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 not later than 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 restrictions on the exercise of the option as the Board think appropriate, an option may be exercised within a period (which may not be later than 10 years from the date of offer of option) to be determined and notified by the Board to the grantee thereof and, in the absence of such determination, from the date of offer to the earlier of (i) the date on which such option lapses under New Share Option Scheme; and (ii) 10 years from the date of offer of option.

(vi) The New Share Option Scheme remains valid for a period of 10 years commencing on 18 October 2013.

No share options have been granted under the New Share Option Scheme since its adoption.

## 37. LOSS ON DISPOSAL OF A SUBSIDIARY

(i) On 4 July 2014, the Group disposed of a its wholly owned subsidiary, China Green (Shanghai) Food and Catering Ltd upon deregistration. The loss of approximately RMB14,036,000 was incurred during the year.

| | 2015<br>RMB'000 |
|---|---|
| **Analysis of assets and liabilities over which control was lost** | |
| ***Non-current assets*** | |
| Property, plant and equipment | 14,029 |
| ***Current assets*** | |
| Tax recoverable | 5 |
| Cash and cash equivalents | 2 |
| Net assets disposed of | 14,036 |
| **Loss on disposal of a subsidiary** | |
| Net assets disposed of | 14,036 |
| Loss on disposal | 14,036 |
| **Net cash outflow arising on disposal:** | |
| Cash consideration | – |
| Less: cash and cash equivalents disposed of | 2 |
| | 2 |

## 37. LOSS ON DISPOSAL OF A SUBSIDIARY (CONTINUED)

(ii) On 18 October 2013, the Group entered into a sale and purchase agreement to dispose its 100% equity interests in Zhonglu (Shanghai) Industry Investment Limited to an independent third party for cash consideration, net of tax, of approximately RMB99,632,000. The disposal transaction was completed on 16 January 2014.

| | 2014<br>RMB'000 |
|---|---|
| **Analysis of assets and liabilities over which control was lost** | |
| ***Non-current assets*** | |
| Construction in progress | 101,133 |
| Interests in leasehold land held for own use under operating leases | 49,878 |
| ***Current assets*** | |
| Cash and cash equivalents | 77 |
| ***Non-current liabilities*** | |
| Deferred tax liabilities | (238) |
| Net assets disposed of | 150,850 |
| **Loss on disposal of a subsidiary** | |
| Consideration received, net of tax | 99,632 |
| Net assets disposed of | (150,850) |
| Release of statutory reserve | 880 |
| Loss on disposal | 50,338 |
| **Net cash inflow arising on disposal:** | |
| Cash consideration | 99,632 |
| Less: cash and cash equivalents disposed of | (77) |
| | 99,555 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**The Group**

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| **Financial assets** | | |
| Available-for-sales financial assets | **42,818** | – |
| Loan and receivables (including cash and bank balance) | | |
| – Trade and other receivables | **25,246** | 156,606 |
| – Pledged bank deposits | **255,879** | 388,796 |
| – Cash and cash equivalents | **141,715** | 294,842 |
| | **422,840** | 840,244 |
| **Financial liabilities** | | |
| Amortised costs | | |
| – Trade and other payables | **93,400** | 175,866 |
| – Amount due to a director | **–** | 7,995 |
| – Amount due to a shareholder | **–** | 2,815 |
| – Convertible bonds | **665,085** | 848,329 |
| – Bank and other borrowings | **1,061,804** | 779,309 |
| | **1,820,289** | 1,814,314 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

**The Company**

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| Financial assets | | |
| Available-for-sales financial assets | **42,818** | – |
| Loan and receivables (including cash and bank balance) | | |
| – Other receivables | **1,751,267** | 1,771,819 |
| – Cash and cash equivalents | **29,620** | 7,192 |
| | **1,780,887** | 1,779,011 |
| Financial liabilities | | |
| Amortised costs | | |
| – Other payables | **216,444** | 101,272 |
| – Amount due to a director | **–** | 7,995 |
| – Amount due to a shareholder | **–** | 2,815 |
| – Convertible bonds | **665,085** | 848,329 |
| – Bank and other borrowings | **575,508** | 447,013 |
| | **1,457,037** | 1,407,424 |

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.

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (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, pledged bank deposits and cash at bank. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Pledged bank deposits 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 pledged bank deposits 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, 0% (2014: 0.3%) and 0% (2014: 1.0%) of the total trade and other 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 26.

## 38. 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**

**2015**

| | | | | Contractual undiscounted cash outflow | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate | Carrying amount at 30 April RMB'000 | Total undiscounted cash flows RMB'000 | Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 year but less than 5 years RMB'000 |
| Bank borrowings | | | | | | |
| – fixed rate | 5.5% | 454,000 | 517,266 | 235,808 | 12,000 | 269,458 |
| – variable rate | 8.2% | 309,462 | 347,609 | 45,755 | 301,854 | – |
| Other borrowings | | | | | | |
| – fixed rate | 19.2% | 298,342 | 329,729 | 329,729 | – | – |
| Trade and other payables | – | 93,400 | 93,400 | 93,400 | – | – |
| Convertible bonds | 5.3% | 665,085 | 754,676 | 754,676 | – | – |
| | | 1,820,289 | 2,042,680 | 1,459,368 | 313,854 | 269,458 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk (continued)

**The Group (continued)**

2014

| | | | Contractual undiscounted cash outflow | | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate | Carrying amount at 30 April RMB'000 | Total undiscounted cash flows RMB'000 | Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 year but less than 5 years RMB'000 |
| Amount due to a director | – | 7,995 | 7,995 | 7,995 | – | – |
| Amount due to a shareholder | – | 2,815 | 2,815 | 2,815 | – | – |
| Borrowings | | | | | | |
| –fixed rate | 6.1% | 307,524 | 362,054 | 80,596 | 12,000 | 269,458 |
| –variable rate | 8.0% | 471,785 | 539,385 | 211,521 | 23,918 | 303,946 |
| Trade and other payables | – | 175,866 | 175,866 | 175,866 | – | – |
| Convertible bonds | 8.5% | 848,329 | 910,203 | 220,655 | 689,548 | – |
| | | 1,814,314 | 1,998,318 | 699,448 | 725,466 | 573,404 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk (continued)

**The Company**

**2015**

| | Weighted average interest rate | Carrying amount at 30 April RMB'000 | Total undiscounted cash flows RMB'000 | Contractual undiscounted cash outflow Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 year but less than 5 years RMB'000 |
|---|---|---|---|---|---|---|
| Bank borrowings | | | | | | |
| – variable rate | 8.8% | 277,166 | 313,640 | 24,444 | 289,196 | – |
| Other borrowings | | | | | | |
| – fixed rate | 19.2% | 298,342 | 329,729 | 329,729 | – | – |
| Trade and other payables | – | 216,443 | 216,443 | 216,443 | – | – |
| Convertible bonds | 5.3% | 665,085 | 754,676 | 754,676 | – | – |
| | | 1,457,036 | 1,614,488 | 1,325,292 | 289,196 | – |

2014

| | Weighted average interest rate | Carrying amount at 30 April RMB'000 | Total undiscounted cash flows RMB'000 | Contractual undiscounted cash outflow Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 year but less than 5 years RMB'000 |
|---|---|---|---|---|---|---|
| Due to a director | – | 7,995 | 7,995 | 7,995 | – | – |
| Due to a shareholder | – | 2,815 | 2,815 | 2,815 | – | – |
| Borrowings | | | | | | |
| –fixed rate | 10% | 67,523 | 68,596 | 68,596 | – | – |
| –variable rate | 8.2% | 379,490 | 440,804 | 126,603 | 22,947 | 291,254 |
| Other payables | – | 101,272 | 101,272 | 101,272 | – | – |
| Convertible bonds | 8.5% | 848,329 | 910,203 | 220,655 | 689,548 | – |
| | | 1,407,424 | 1,531,685 | 527,936 | 712,495 | 291,254 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Interest rate risk

*Fair value interest rate risk*

The Group is exposed to fair value interest rate risk in relation to the fixed-rate borrowings, bank deposits and the convertible bonds issued by the Group.

The interest rates of the Group's bank and other borrowings and convertible bonds are disclosed in notes 32 and 34 respectively.

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 2015, the Group is exposed to cash flow interest rate risk since the Group has variable-rate borrowings and bank balances and deposits. It is the Group's present policy to keep its borrowings at variable rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

*Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank borrowings and bank balances. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 30 April 2015 would decrease/increase by approximately RMB1,547,000 (2014: 2,359,000).

## 38. 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**

| | 2015 (expressed in RMB) | |
|---|---|---|
| | RMB<br>'000 | USD<br>'000 |
| Cash and cash equivalents | – | 755 |
| Pledged bank deposits | – | 12,389 |
| Convertible bonds | (665,085) | – |
| Overall net exposure | (665,085) | 13,144 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Currency risk (continued)

*(i) Exposure to currency risk (continued)*

**The Group**

| | 2014 (expressed in RMB) | |
|---|---|---|
| | RMB | USD |
| | '000 | '000 |
| Cash and cash equivalents | – | 3,766 |
| Pledged bank deposits | – | 12,296 |
| Convertible bonds | (848,329) | – |
| Overall net exposure | (848,329) | 16,062 |

**The Company**

| | **2015 (expressed in RMB)** | |
|---|---|---|
| | **RMB** | **USD** |
| | **'000** | **'000** |
| Cash and cash equivalents | **–** | **15** |
| Due from the subsidiaries | **686,366** | **–** |
| Convertible bonds | **(665,085)** | **–** |
| Overall net exposure | **21,281** | **15** |

| | 2014 (expressed in RMB) | |
|---|---|---|
| | RMB | USD |
| | '000 | '000 |
| Cash and cash equivalents | – | 2,989 |
| Due from the subsidiaries | 694,479 | – |
| Convertible bonds | (848,329) | – |
| Overall net exposure | (153,850) | 2,989 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Currency risk (continued)

*(ii) Sensitivity analysis*

During the year ended 30 April 2015, if RMB has strengthened by 5%, with all other risk variables remained constant, the Group's (loss)/profit after taxation and retained profits would (increase)/decrease by approximately RMB32,597,000 (2014: RMB41,613,000). 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 2014.

## 39. FAIR VALUE MEASUREMENT

For financial reporting purpose, fair value measurement are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety.

The table below analyses the fair value of the Group's assets that are measured at fair value on a recurring basis. The different levels are defined as follows:

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

### The Group

**2015**

| | **Level 1 RMB'000** | **Level 2 RMB'000** | **Level 3 RMB'000** | **Total RMB'000** |
|---|---|---|---|---|
| Vegetables and fruits | – | 21,640 | – | 21,640 |
| Other financial liabilities | – | – | 34,693 | 34,693 |
| Available-for-sales financial assets | 42,818 | – | – | 42,818 |
| | 42,818 | 21,640 | 34,693 | 99,151 |

2014

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Vegetables and fruits | – | 13,267 | – | 13,267 |
| Other financial liabilities | – | – | 21,902 | 21,902 |
| | – | 13,267 | 21,902 | 35,169 |

There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during the year. The reconciliation from the beginning balances to the ending balances for fair value measurements of the above assets are disclosed in Note 22, 25 and 33.

## 39. FAIR VALUE MEASUREMENT (CONTINUED)

| Type | Valuation approach | Key measurements Inputs | Inter-relationship between key measurements input and fair value measurement |
|---|---|---|---|
| **Biological assets** | | | |
| Fresh vegetables, fish and fruits | The fair value less costs to sell of fresh vegetables, fish and fruits by adopted income approach with discount cash flow | –planted 4,200 mu of sweet corn<br>–planted 2,500 mu of plum<br>–planted 2,000 mu of lotus root<br>–planted 1,100 mu of rice<br>–planted 1,000 mu of persimmon<br>–planted 500 mu of citrus<br>–planted 700 mu of watermelon | assume other factors keep constant,the planted area increase, the market price increase, and vice versa |
| **Other financial liabilities** | | | |
| Derivative option | The fair value are determined by Black-Scholes Models | –The unit market value of the share as at 4 September 2013 (HK$0.90)<br>–The unit market value of the share as at 30 April 2015 (HK$0.323 (adjusted)) | the share price increase, the unit market value of the option increase, and vice versa |

Note:

A slight increase in the share price would result in a significant increase in the fair value measurement of derivative option and vice versa.

Fair value of financial assets and financial liabilities that are not measured at fair value

| | **2015 RMB'000 Carrying amount** | **2015 RMB'000 Fair value** | 2014 RMB'000 Carrying amount | 2014 RMB'000 Fair value |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Convertible bonds | **665,085** | **665,419** | 848,329 | 854,502 |

## 40. COMMITMENTS

### The Group as lessee

#### (a) Capital commitments

Capital commitments of the Group at 30 April 2015 not provided for in the financial statements were as follows:

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| Contracted but not provided for | | |
| – Purchase of property, plant and equipment | **319,284** | 354,526 |

#### (b) Operating lease commitments

At 30 April 2015, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| **The Group** | | |
| Within one year | **11,636** | 79,096 |
| After one year but within five years | **3,315** | 107,500 |
| After five years | **1,657,000** | 1,672,000 |
| Total | **1,671,951** | 1,858,596 |
| **The Company** | | |
| Within one year | **396** | 596 |

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 31 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 contracted with tenants for the following future minimum lease payments:

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| Within one year | **1,000** | 1,000 |
| After one year but within five years | **3,000** | 4,000 |
| Total | **4,000** | 5,000 |

## 41. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group has the following transaction with related parties during the year.

### (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 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

| | **2015** | 2014 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Short-term employee benefits | **5,809** | 6,271 |
| Post-employment benefits | **43** | 53 |
| | **5,852** | 6,324 |

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

### (b) Transactions with other related parties

Amount due to a director and a shareholder as disclosed in Note 29.

## 42. ACCOUNTING ESTIMATES AND JUDGEMENTS

### Key sources of estimation uncertainty

Note 39 contain information about the assumptions relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

#### (a) Impairments

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

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

#### (b) Depreciation

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

## 42. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (c) Write-down of inventories

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

### (d) Fair value of biological assets

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

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

### (e) Provision for income tax

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

## 43. CONTINGENT LIABILITIES

As at 30 April 2015, the Group and the Company had no contingent liabilities (30 April 2014: Nil).

## 44. EVENTS AFTER THE REPORTING PERIOD

### Increase in authorised share capital

On 2 June 2015, the Company passed an ordinary resolution to increase its authorised share capital from HK$300,000,000 divided into 3,000,000,000 shares of HK$0.10 each to HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each by the creation of an additional 7,000,000,000 unissued shares and such shares shall rank pari passu with all existing Shares upon issue.

### Open Offer at HK$0.20 per offer share on the basis of 2 offer shares for every one Share held on 12 June 2015

On 8 July 2015, the Company completed an open offer of 3,974,283,592 shares at the subscription price of HK$0.20 per offer share on the basis of two offer shares for every one Shares held on 12 June 2015 (the "2015 Open Offer"). The net proceeds of the 2015 Open Offer, after deducting the underwriting commission and other related expenses payable by the Company, were approximately HK$772.9 million.

### Termination Agreement in relation to the Master Framework and Subscription Agreement

On 7 July 2015, the contractual parties to the master framework and subscription agreement dated 4 September 2013 made between, amongst other parties, the Company and Partner Shanghai Limited in relation to, amongst other matters, the subscription of 226,553,576 Shares (as varied and amended by a novation agreement dated 20 June 2014 and made by the same parties and 紫荊控股有限公司 (Tsinghua Redbud Holding Ltd.*) (the "Master Framework and Subscription Agreement") entered into a termination agreement, pursuant to which the parties had conditionally agreed to terminate the Master Framework and Subscription Agreement.

Pursuant to the termination agreement, the Company shall pay (i) on or before 31 July 2015 an aggregate sum of the HK$ equivalent of RMB100,000,000 and all outstanding interests accrued as at the date of first repayment ("First Repayment"); and (ii) on or before the maturity date of the loan the remaining outstanding principal and interest under the loan (less the amount of the First Repayment).

The termination of the Master Framework and Subscription Agreement shall be effective on the date on which evidence of the repayment of all sums due under the funding arrangements is provided.

Details of the termination agreement were disclosed in the Company's announcement dated 7 July 2015.

### Early redemption of Notes

The Group has made an early redemption of the 19.2% per annum Notes before its maturity in the principal amount of HK$380,000,000 in full together with the accrued interest on 15 July 2015. The redemption is settled by part of the net proceeds raised from the open offer completed on 8 July 2015.

## 45. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group (Note 29):

| | 2015<br>RMB'000 | 2014<br>RMB'000 |
|---|---|---|
| Interests in leasehold land held for own use under operating leases (Note 17) | **85,121** | 121,395 |
| Property, plant and equipment (Note 16) | **384,068** | 322,378 |
| Bank deposits (Note 27) | **287,629** | 388,796 |
| Total | **756,818** | 832,569 |

Save as disclosed above, all the shares in China Green Food Group Limited, a subsidiary of the Company incorporated in Hong Kong, and Dragon Choice Enterprises Limited, Goldprosper Enterprises Limited, Crop Harvest Enterprises Limited, China Green Harvest Enterprises Limited, Icatrad Enterprises Limited, Summit Achieve Holdings Limited and On Success Enterprises Limited, all are subsidiaries of the Company incorporated in the British Virgin Islands, held by the Company were charged in favour of the trustee for the benefit of the bondholders of the convertible bonds due in 2016. For further details of the convertible bonds due in 2016 and the said share charges, please refer to the overseas regulatory announcement of the Company dated 14 November 2013.

## 46. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 July 2015.

# FIVE YEARS FINANCIAL SUMMARY

For the year ended 30 April 2015

| | For the year ended 30 April | | | | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | **2015** |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | **RMB'000** |
| | | | | (Restated) | |
| Turnover | 2,234,620 | 2,548,150 | 2,184,097 | 640,019 | **521,094** |
| Gross profit | 1,119,353 | 1,133,119 | 733,298 | 48,608 | **94,304** |
| Profit/(loss) before taxation | 595,625 | 696,746 | 177,716 | (660,998) | **(449,488)** |
| Profit/(loss) attributable to owners | 458,802 | 520,262 | 81,130 | (667,666) | **(448,024)** |
| Non-current assets | 2,827,194 | 3,405,426 | 4,727,775 | 4,774,141 | **3,552,408** |
| Current assets | 2,039,798 | 1,984,630 | 756,357 | 771,386 | **2,055,319** |
| Current liabilities | (135,728) | (1,482,440) | (1,499,044) | (675,131) | **(1,522,750)** |
| Non-current liabilities | (1,382,446) | (76,090) | (70,876) | (1,288,555) | **(595,586)** |
| Shareholders' equity | 3,348,818 | 3,831,526 | 3,914,212 | 3,581,841 | **3,489,391** |
| Basic earnings/(loss) per share (RMB) | 0.519 | 0.589 | 0.092 | (0.634) | **(0.267)** |