中國綠色食品(控股)有限公司*

CHINA GREEN (HOLDINGS) LIMITED

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

Annual Report 2014

* For identification only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

Hu Ji Rong
Zheng Baodong
Wei Xiongwen

COMPANY SECRETARY

Sung Chi Keung

AUDIT COMMITTEE

Hu Ji Rong *(Committee Chairman)*
Zheng Baodong
Wei Xiongwen

REMUNERATION COMMITTEE

Hu Ji Rong *(Committee Chairman)*
Zheng Baodong
Wei Xiongwen
Chen Changgai

NOMINATION COMMITTEE

Zheng Baodong *(Committee Chairman)*
Hu Ji Rong
Wei Xiongwen
Chen Changgai

CORPORATE GOVERNANCE COMMITTEE

Hu Ji Rong *(Committee Chairman)*
Zheng Baodong
Wei Xiongwen

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Leung & Lau, Solicitors

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 4120-24, 41/F
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda
(The address will be changed to
The Belvedere Building, 69 Pitts Bay Road
Pembroke HM08, Bermuda
with effect from 30 July 2014)

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

00904

WEBSITE

http://www.chinagreen.com.hk

Explore new growth by innovating multi-grain products and ensuring the food source safety to strengthen "Culiangwang" brand

Creating a Healthier China

During the year ended 30 April 2014, the business transformation of the Company and its subsidiaries (collectively, the "Group") continued with an aim to transform the Group from being a pure agricultural company with export focus to a fast moving consumer goods ("FMCG") company in healthy multi grain beverages with domestic market as its focus. Although the Group's fresh produce and processed products segment continued to diminish, the Group's branded beverages products segment has continuously achieved encouraging growth in term of revenue and expansion of geographical coverage.

The decline of the financial performance of the Group's fresh produce and processed products segment was mainly because of the decline in the Group's export of fresh produce. The revenue generated from Group's export of fresh produce was approximately RMB14.5 million for the year ended 30 April 2014 compared to approximately RMB260.4 million for the year ended 30 April 2013. The decline in the Group's export of fresh produce was mainly due to the continuously increasing Sino-Japanese diplomatic tension, appreciation of RMB against most foreign currencies during the year and overall decline in China's export of vegetables following the cancellation of export rebates for vegetables since 2012. Japan used to be the Group's largest export destination. However, following the increasing Sino-Japanese diplomatic tension, the Group's export to Japan dropped significantly during the year ended 30 April 2014. Also, the appreciation of RMB against most foreign currencies in recent years caused the Group's export to have become more expensive which is another reason for the drop in the demand of the Group's export. Since 2012, the export rebates for vegetables were cancelled and this has seriously dampened the overall China's export of vegetables in recent years. With all the reasons above combined, the Group's export business experienced severe hit in recent years. As there is no sign of recovery in the export business and in order to execute the Group's business transformation plan, the Group is planning to dispose of certain inefficient assets in this segment. We believe that such disposal would be beneficial to the Group as it would help to raise certain capital to be reinvested in the profitable branded beverage products segment and reduce the Group's level of debt.

CHAIRMAN'S STATEMENT

During the process of business transformation, it is very common that there would be associated financial difficulties at some stage. The Group has experienced continuous decrease in profitability in the previous years since the commencement of the business transformation and this fiscal year is the first loss-making year for the Group. However, this year is also the first year when the Group's branded beverage products segment accounted for an absolute majority of the Group's revenue, which was over 70% of the Group's total revenue. With the revenue and profit contribution from the branded beverage products segment expected to continue its growth in the future, we believe that the profitability of the whole Group would improve accordingly.

During the process of transforming the Group into a FMCG company, we are not going to give up our inherited strength and experience in the agricultural industry which we have accumulated in the past decades. Instead, we are going to create a truly vertically integrated FMCG company from the upstream in agriculture to downstream with well recognized retail brands and extensive distribution network all over China.

The Group entered into lease agreements for multi grain farmland of 200,000 mu in Baicheng city of Jilin province in 2012 which is targeted to become the Group's major production base for the raw materials of multi grain. With the production base, the Group will leverage on its previous agricultural experience and expertise to enhance higher degree of vertical integration. We will also promote modernized and scientific mass production of multi grain with the involvement of the local farmers in north-eastern part of China where the climatic and ecological environment are good for multi gain production. We believe that it will not only help to ensure the safety and quality of the multi grain production in China, but will also help to increase the supply of multi grain in China so as to minimize the price fluctuation of multi grain. We believe that the effective promotion of supply in raw materials is a way for the Group to maintain sustainable high margin and well control of the costs in the branded beverage products segment in the long term.

In terms of processing capacity, the Group has one fully operating processing plant in Quanzhou city of Fujian province with an annual capacity of approximately 120,000 tons in paper packs and 30,000 tons in metallic cans of beverage products. In addition, the construction of Group's new processing plant in Tianmen city of Hubei province (the "Tianmen Plant") is underway. Due to the longer-than-expected time required for certain tailor-made equipment, the trial production is expected to commence in the fourth quarter of 2014 instead of March/April 2014 as mentioned before. The initial annual production capacity is expected to be approximately 30,000 tons. It is the Group's plan to increase the annual production capacity of this plant to 120,000 tons in two years' time. The plant in Wanquan County of Hebei Province (the "Wanquan Plant") is substantially completed and it is expected that the Wanquan Plant will commence the beverages production in 2015. After the Wanquan Plant, the next plant to be constructed on our own will be the one located in Fuyang city of Anhui province which is designed to meet the demand from the Group's second largest selling province in Anhui province. The Group also has a piece of industrial land in Huangtong town of Fujian province and the construction of the plant in Huangtong town will be decided after detailed negotiation with the local government. Updates will be made available to our shareholders and potential investors once there is any progress related to this plant. Apart from the Group's own processing capacity, the Group is also engaging 8 third party OEM producers to produce the branded beverage products, which accounted for approximately 60% of the production volume for the year ended 30 April 2014.

Ideally, the Group would like to build more production plants on its own in light of the associated risks from the OEM business model, including potential leakage of confidential formula of the beverage products and potential shortage of processing capacity during peak seasons. However, the Group is fully aware of the substantial capital expenditure required and the Group's stringent financial position following the default and restructuring of the Company's convertible bonds in 2013. During the year, the Group has explored a new way of expanding its own processing capacity and the potential processing plant in Baicheng city of Jilin province is being used as a pilot city for this new business model. The Group has identified a qualified OEM producer and invited this producer to set up a brand new processing plant in Baicheng city of Jilin province according to the processing standard of the Group. The Group and the OEM producer agreed by implication that such processing capacity will be engaged by the Group once the processing plant is completed and ready for production. By doing so, the Group is able to increase its processing capacity according to its own processing standard, but without the need to invest heavily in the related capital expenditure. Depending on the Group's financial capacity, the Group will try to strike a balance between this new model and having its own processing plants for further addition of processing capacity in order to maximize the Group's processing capacity and profitability with cost-effective capital structure.

Over the past few years, the Group has been actively expanding its distribution network for beverage products in China, The Group is currently working with over 1,400 distributors in China which enable the Group to establish a nationwide distribution network. The Group is continuing with its effort to increase the number of distributors and further improve the penetration of its beverage products with Central and Eastern China as its key focus. Apart from Central and Eastern China, the growth in the Group's revenue from the South-Western part of China was impressive in recent years. In the near future, the Group will try to explore the possibility of having certain infrastructure in South-Western China so as to tailor for the increasing demand for the Group's beverage products from this area. The Group has been investing heavily in its brands promotion in the previous years and will continue to invest substantial amount of capital in promoting its brand recognition and awareness through different ways of advertisements, such as television commercials, signboards, etc. With the increasing health awareness of Chinese and effective promotion of our brands, we are confident that the sales of our beverage products will continue to grow in the near future.

This fiscal year has been the most difficult year for the Group since the commencement of the Group's business transformation and the financial performance was not satisfactory. The default of the Company's convertible bonds in April 2013 has created additional pressure to the Group on both financial and operational environment. Following the successful restructuring of the Company's convertible bonds in November 2013, and the fact that the Group's branded beverage products segment accounted for an absolute majority of the Group's revenue and is expected to achieve continuous growth in the future, we are hopeful that the financial difficulties we have experienced this year can be turned around. It is always our aim to deliver good investment returns to our shareholders and the management team will work even harder to make this happen in the coming future. On behalf of the Company, I would also like to take this opportunity to thank all our shareholders, business partners and investors for their patience and continuing support to the Group.

Sun Shao Feng
Chairman

25 July 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of financial results

Turnover and gross profit

For the year ended 30 April 2014, the Group recorded a turnover of approximately RMB2,093.7 million, a slight decrease of approximately 4.1% from approximately RMB2,184.1 million for the last financial year. The decrease was mainly due to the decrease in revenue of both the fresh produce and processed products segment and the branded food segment, which partially offset the increase in turnover of the branded beverage products segment.

The gross profit of the Group decreased by approximately 18.2% to approximately RMB600.1 million from approximately RMB733.3 million for the last financial year. The gross profit margin of the Group for the financial year was approximately 28.7% as compared to approximately 33.6% for the last financial year. The decrease in the gross profit was mainly due to the decrease of gross profit from approximately RMB123.4 million for the previous financial year to a gross loss of approximately RMB15.7 million in this financial year derived from the fresh produce and processed products segment and the drop of the gross profit derived from the branded food products segment from RMB57.3 million last year to RMB27.4 million this year. Such decrease was partially compensated by a slight increase of gross profit from the branded beverage products segment which was RMB552.6 million last year compared to RMB588.4 million this year.

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

There is a loss arising from changes in fair value less costs to sell biological assets of approximately RMB8.0 million compared with a gain of approximately RMB23.5 million for the last financial year. Such decrease was mainly due to the decrease in the prices of the agricultural produces and fresh produces during the year under review.

Selling, general expenses and finance costs

Selling and distribution expenses were approximately RMB270.7 million (2013: approximately RMB297.0 million), which mainly consist of transportation, marketing and promotional expenses as well as wages of sales executives and other various costs. The decrease in selling and distribution expenses was mainly due to the decrease in advertising and promotion expenses from RMB110.5 million last year to RMB87.6 million this year. Following the restructuring of the Company's convertible bonds in November 2013, the Group's financial position was tight and fewer resources were available for the Group's advertising and promotion campaigns which resulted in the decrease of advertising and promotion expenses in the current year. Such decrease in the advertising and promotion expenses also affected the business growth of the branded beverage products segment in the second half of this fiscal year. In light of this, the Group has secured several bank loans totaling RMB195.5 million from March to June 2014 to strengthen its working capital position. It is the Group's intention to re-launch more active advertising and promotion campaigns in 2014/15 in order to ensure better growth of the Group's branded beverage products segment next year.

General and administrative expenses were approximately RMB263.2 million (2013: approximately RMB187.4 million), which mainly consist of employee compensations, legal and professional fees, research and development and other daily operating costs. The increase was mainly attributable to amortization of land acquired in Baicheng city of Jilin province and higher legal and professional fees as a result of the bond restructuring exercise during this financial year. Finance costs were approximately RMB149.4 million (2013: approximately RMB101.8 million) and such increase was mainly due to the higher coupon rates of the convertible bonds due 2016 and the default interest incurred from the maturity of the convertible bonds due 2013 to the time when the convertible bonds due 2013 were successfully restructured in mid November 2013.

Loss attributable to the owners of the Company

The loss attributable to owners of the Company for the year was approximately RMB474.7 million as compared with a profit of approximately RMB81.1 million for last year. Apart from not being able to efficiently transfer the increase in raw materials, wages and other incidental costs under such keen market competition, the significant decrease was primarily due to the drop in business turnover of fresh produce and processed products segment as a result of the Group's business transformation. This year is the first year that the Group's fresh produce and processed products segment recorded an operating loss. The net loss of the Group's fresh produce and processed products segment was approximately RMB345.7 million this year which included a provision of approximately RMB244.5 million for impairment of values of the assets involved in the fresh produce and processed products segment, compared with a net profit of approximately RMB52.2 million last year. Although the Company's convertible bonds due 2013 were successfully restructured in November 2013, the default interests incurred and the higher coupon rates of the Company's convertible bonds due 2016 also significantly and adversely affected the Group's profitability. The loss of disposal of a subsidiary, Zhonglu (Shanghai) Industry Investment Limited*, of approximately RMB50.3 million also contributed to the loss attributable to the owners of the Company for the current year.

Review of operation

During the year under review, the Group was principally engaged in three business segments, namely fresh produce and processed products, branded food products and branded beverage products.

The breakdowns of the Group's revenue are as follows:

	Year ended	
	30 April 2014	30 April 2013
	RMB'000	RMB'000
Branded beverage products	**1,484,944**	1,280,335
Fresh produce and processed products	**409,840**	660,773
Branded food products and others	**198,954**	242,989
	2,093,738	2,184,097

Fresh produce and processed products

The Group's fresh produce and processed products include primarily fresh vegetables such as sweet corns, lotus roots, radish, hairy beans and water melons as well as canned and frozen products. During the year ended 30 April 2014, the revenue from the fresh produce and processed products segment dropped significantly from RMB660.8 million to RMB409.8 million, which was mainly due to the continuous deterioration of the Group's export business.

The continuous and increasing Sino-Japanese diplomatic tension and appreciation of RMB against Japanese Yen have dragged down the export business of the Group's fresh produce and processed products segment to Japan, which was a major profit center of the Group. The year ended 30 April 2014 was the first year that the Group suffered an operating loss from the fresh produce and processed products segment.

Branded food products

The Group's branded food products include primarily rice and hotpot products sold under the Group's own brand. Revenue from the branded food products decreased from approximately RMB243.0 million for the year ended 30 April 2013 to approximately RMB199.0 million in this year. As the branded food products development is still at its early stage and the corresponding brand is not yet well recognized in the consumer market, there is certain volatility in the demand for these products at the current stage. The Group considers that the contribution from this segment is not yet material to the Group's operations but the management will continue to monitor the development of this segment in the near future to assess if further resources would need to be invested in this segment in order to expand its operations and enhance its profitability.

Branded beverage products

Under the branded beverage products segment, the Group is currently selling over 30 different specifications of beverage products under its own brands. Most of the beverage products are multi-grains focused which are tailored for the increasing health conscious domestic market.

Despite the decline in both the fresh produce and processed products and the branded food products segments, the Group was successful in expanding its branded beverage products segment and achieved a growth of 16.0% in revenue from the sales of branded beverage products.

During the year, the Group continued its efforts in expanding its distribution of the branded beverage products in the domestic market. As at 30 April 2014, the branded beverage products were being sold in 27 provinces and 4 cities in China.

The major sales locations of our branded beverage products are as follows:

	For the year ended	
	30 April 2014	30 April 2013
	RMB'000	RMB'000
Jiangsu province	**272,662**	224,628
Anhui province	**194,082**	145,283
Sichuan province	**128,001**	80,930
Henan province	**108,221**	87,634
Jiangxi province	**98,506**	85,350
Others	**683,472**	656,510
Total	**1,484,944**	1,280,335

The five highest selling branded beverage products are as follows:

	For the year ended	
	30 April 2014	30 April 2013
	RMB'000	RMB'000
Culiangwang Walnuts	**486,294**	246,769
Culiangwang Green Bean Matcha	**448,726**	341,448
Culiangwang Red Bean	**290,884**	251,337
Culiangwang Multi Grains with Milk	**45,419**	4,590
Culiangwang Peanut and Sesame	**34,996**	67,507
Others	**178,625**	368,684
Total	**1,484,944**	1,280,335

Analysis of the cost of sales of the branded beverage products is as follows:

	For the year ended	
	30 April 2014	30 April 2013
	RMB'000	RMB'000
Packaging materials	**305,805**	281,096
Raw materials	**409,660**	288,268
Depreciation	**47,868**	47,438
Fuel costs	**11,179**	12,872
Direct labour costs	**12,344**	10,525
Processing fees to third party OEM producers	**99,979**	78,607
Others	**9,696**	8,936
Total	**896,531**	727,742

Note: Raw materials include mainly sugar and multi grains such as green beans, red beans, walnuts, oats, peanuts, sesames and sweet corns.

Currently, the Group has one plant for producing branded beverage products located in Quanzhou city of Fujian province with an annual capacity of approximately 120,000 tons in paper packs and 30,000 tons in metallic cans. As the self-owned capacity is not enough for the sales demand, the Group is engaging 8 third party OEM producers to produce the branded beverage products, which accounted for approximately 58.3% of the production volume (2013: 47.5%).

In addition, the Group is building a new plant in Tianmen city of Hubei province. The trial production of the Tianmen Plant was originally expected to start in the first quarter of 2014. However, our multi grains beverage products are very unique and most of the machinery and equipment have to be tailor-made. As the time required for certain tailor-made machinery and equipment to complete is much longer than expected, the trial production of the Tianmen Plant is now postponed to the fourth quarter of 2014.

For the time being, the Group is only sourcing limited amount of raw materials internally, which are mainly sweet corns. For the year ended 30 April 2014, approximately 4.5% (2013: 7.2%) of the multi grains used were being sourced from the Group's own farmland. It is expected that the internal sourcing proportion of multi grains raw materials would gradually increase once the Group's multi grains farm in Baicheng city of Jilin province commences its commercial production in 2015/16.

Liquidity, financial resources and capital structure

As at 30 April 2014, the Group's total cash and cash equivalents amounted to approximately RMB294.8 million (2013: RMB422.6 million) whilst the total assets and net assets were approximately RMB5,545.5 million (2013: RMB5,484.1 million) and RMB3,581.8 million (2013: RMB3,914.2 million) respectively. The Group had current assets of RMB771.4 million (2013: RMB756.4 million) and current liabilities of RMB675.1 million (2013: RMB1,499.0 million). The current ratio was 1.14 times (2013: 0.50 times).

The RMB1,350,000,000 US Dollar settled 3.00% convertible bonds due 2013 issued by the Company in April 2010 were successfully restructured in November 2013. As part of the consideration for this restructuring, the Company issued the RMB515,280,000 US Dollar settled 7.00% secured convertible bonds due April 2016 ("7.00 per cent. 2016 Bonds") and RMB515,280,000 US Dollar settled 10.00% secured convertible bonds due April 2016 ("10.00 per cent. 2016 Bonds", together with the 7.00 per cent. 2016 Bonds, "Convertible Bonds due 2016"). The calculation of the Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents divided by shareholders' fund) was 0.37 (2013: 0.27).

On 14 April 2014, the Company made a mandatory redemption on the 10.00 per cent. 2016 Bonds in the aggregate principal amount of RMB120,356,526 (equivalent to US$19,566,985.21) in accordance with the terms and conditions of the 10.00 per cent. 2016 Bonds. As at 30 April 2014, the aggregate principal amount of the 10.00 per cent. 2016 Bonds was RMB394,923,474.

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 and the CEO, as vendor (the "Vendor"). Pursuant to the top-up placing agreement, the Placing Agent has agreed, on a best effort basis, to place to not less than six placees who and whose ultimate beneficial owners are independent third parties up to 176,807,000 shares ("Top-up Placing Shares") of HK$0.10 each in the share capital of the Company, beneficially owned by the Vendor, with an aggregate nominal value of HK$17,680,700 at a price of HK$0.60 per Top-up Placing Share (the "Top-up Placing Price"), representing a discount of approximately 7.69% to the closing price of HK$0.65 per Share as quoted on the Stock Exchange on 14 March 2014 ("Top-up Placing"); and (2) a top-up subscription agreement with the Vendor for the top-up subscription for such number of shares (the "Top-up Subscription Shares") as is equal to the number of Top-up Placing Shares successfully placed by the Placing Agent (the "Top-up Subscription Share") under the Top-up Placing at a subscription price equal to the Top-up Placing Price ("Top-up Subscription"). The net price to the Company of each Top-up Subscription Share is approximately HK$0.57. The net proceeds were intended to be used to reduce indebtedness of the Group and as general working capital. The Top-up Placing and Top-up Subscription present a good opportunity to raise additional funds to allow the Company to replenish its capital base, widen its Shareholders base and reduce the Company's gearing ratio.

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 with an aggregate nominal value of HK$17,680,500 were allotted and issued to the Vendor under the general mandate approved in the annual general meeting of the Company held on 18 October 2013. The net proceeds from the Top-up Subscription amounted to approximately HK$101.5 million and were fully used as intended, as to approximately (i) HK$3.5 million for general working capital; and (ii) HK$98 million to pay off part of the following indebtedness of the Group: (a) the interest of the 7.00 per cent. 2016 Bonds in the aggregate amount of approximately RMB15.13 million (equivalent to approximately HK$18.76 million) accumulated from 13 November 2013 to 13 April 2014; (b) the interest of the 10.00 per cent. 2016 Bonds in the aggregate amount of approximately RMB21.61 million (equivalent to approximately HK$26.80 million) accumulated from 13 November 2013 to 13 April 2014; and (c) the remaining balance on part of the mandatory redemption on the 10.00 per cent. 2016 Bonds made by the Company in accordance with the terms and conditions of the 10.00 per cent. 2016 Bonds as disclosed in the announcement of the Company dated 14 April 2014. 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.

Capital commitment and contingent liabilities

As at 30 April 2014, the Group had contractual capital commitments of approximately RMB354.5 million (2013: RMB431.1 million), which mainly comprised beverage equipment purchase.

As at 30 April 2014, the Group had not provided any form of guarantee for any companies outside the Group and had not involved in any material legal proceedings for which provision for contingent liabilities was required.

Fluctuation in exchange rates

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 April 2014. The revenue, operating costs and bank deposits of the Group are mainly denominated in Renminbi and Hong Kong dollars. Therefore, the Group is not exposed to any material foreign currency exchange risk.

Significant investment held and material acquisitions and disposals

During the year ended 30 April 2014, the Group made no significant investments or material acquisitions. On 18 October 2013, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Zhonglu (Shanghai) Industry Investment Limited* to an independent third party for a cash consideration of RMB104 million. Please refer to the Company's announcements on 20 October 2013 and 23 October 2013 for details. Other than this disposal, the Group made no other disposal of subsidiaries during the year ended 30 April 2014.

Pledge on Group's assets

As at 30 April 2014, bank deposits amounting to approximately RMB388.8 million (30 April 2013: Nil) had been pledged to secure the Group's bank loans and banking facilities in relation to letter of credit. In addition, certain property, plant and equipment with book value amounting to approximately RMB443.8 million had been pledged to secure the Group's bank loans of RMB195.5 million for the purpose of working capital.

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 2016. For further details of the Convertible Bonds due 2016 and the said share charges, please refer to the overseas regulatory announcement of the Company dated 14 November 2013.

Number of employees and remuneration policy

As at 30 April 2014, the Group had 3,811 (2013: 4,300) employees. The Group's remuneration policy is reviewed periodically and remuneration is determined by reference to market trend, company results, and individual qualifications and performance.

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance.

During the year ended 30 April 2014, the Company was in compliance with all relevant code provisions set out in the CG Code except for the deviations as explained below.

Code provision A.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company is in the process of identifying appropriate insurance cover in respect of legal action against its Directors and has yet been able to identify a commercially reasonable insurance policy for this purpose.

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 believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors (except Mr. Wei Xiongwen) 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 independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Huang Zhigang, a former independent non-executive Director, Mr. Hu Ji Rong ("Mr. Hu") and Mr. Zheng Baodong ("Mr. Zheng"), independent non-executive Directors, did not attend the special general meeting of the Company held on 3 June 2013 due to their engagement in their own official business. Mr. Hu, Mr. Zheng and Mr. Wei Xiongwen, independent non-executive Directors, did not attend the annual general meeting held on 18 October 2013 ("2013 AGM") and the special general meeting of the Company held on 18 October 2013 due to their engagement in their own official business.

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. Zheng, the chairman of the nomination committee (the "Nomination Committee") of the Company, did not attend the 2013 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 2014.

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.

The Company confirmed that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code throughout the year ended 30 April 2014.

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

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

Independent Non-executive Directors
Hu Ji Rong
Zheng Baodong
Wei Xiongwen

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board is composed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical details of Directors are set out on pages 28 to 30 under the section headed "Profiles of Directors and Senior Executives".

The Board decides on corporate strategies, approves overall business plans and evaluates the 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 2014 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 2014 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
Sun Shao Feng		✓
Chen Changgai	(Appointed on 25 November 2013)	✓
Nie Xing	(Resigned on 25 November 2013)	✓
Wei Xiongwen	(Appointed on 26 August 2013)	✓
Huang Zhigang	(Resigned on 26 August 2013)	✓
Hu Ji Rong		✓
Zheng Baodong		✓

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

Mr. Hu Ji Rong and Mr. Zheng Baodong, the independent non-executive Directors of the Company, were not appointed for a specific term, but they are subject to retirement by rotation in accordance with the Bye-Laws. Mr. Wei Xiongwen, the independent non-executive Director of the Company, was appointed for a term of 2 years and subject to retirement by rotation in accordance with the Bye-Laws.

Board Meetings

The Company planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order to ensure that all Directors could plan in advance their availability to attend the scheduled Board meetings. Additional meetings will be held as and when required. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results.

During the financial year ended 30 April 2014, the Board held 27 meetings. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings, and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director		Number of attendance
Sun Shao Feng		27/27
Chen Changgai (Note 1)	(Appointed on 25 November 2013)	13/13
Nie Xing (Note 2)	(Resigned on 25 November 2013)	14/14
Wei Xiongwen (Note 3)	(Appointed on 26 August 2013)	17/17
Huang Zhigang (Note 4)	(Resigned on 26 August 2013)	10/10
Hu Ji Rong		27/27
Zheng Baodong		27/27

Notes:

1. Mr. Chen Changgai was appointed as an executive Director on 25 November 2013, and 13 Board meetings were held after his appointment.

2. Mr. Nie Xing resigned as an executive Director on 25 November 2013, and 14 Board meetings were held before his resignation.

3. Mr. Wei Xiongwen was appointed as an independent non-executive Director on 26 August 2013, and 17 Board meetings were held after his appointment.

4. Mr. Huang Zhigang resigned as an independent non-executive Director on 26 August 2013, and 10 Board meetings were held before his resignation.

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

General Meetings

During the financial year ended 30 April 2014, 3 general meetings of the Company were held, being the 2013 AGM held on 18 October 2013, and 2 special general meetings held on 3 June 2013 and 18 October 2013 respectively.

Name of Director		Number of attendance
Sun Shao Feng		3/3
Chen Changgai (Note 1)	(Appointed on 25 November 2013)	N/A
Nie Xing (Note 2)	(Resigned on 25 November 2013)	0/3
Wei Xiongwen (Note 3)	(Appointed on 26 August 2013)	0/2
Huang Zhigang (Note 4)	(Resigned on 26 August 2013)	0/1
Hu Ji Rong		0/3
Zheng Baodong		0/3

Notes:

1. Mr. Chen Changgai was appointed as an executive Director on 25 November 2013, and no general meeting was held after his appointment.

2. Mr. Nie Xing resigned as an executive Director on 25 November 2013, and 3 general meetings were held before his resignation.

3. Mr. Wei Xiongwen was appointed as an independent non-executive Director on 26 August 2013, and 2 general meetings were held after his appointment.

4. Mr. Huang Zhigang resigned as an independent non-executive Director on 26 August 2013, and 1 general meeting was held before his resignation.

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

AUDIT COMMITTEE

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

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 2014, the Audit Committee held 2 meetings.

Name of Member		**Number of attendance**
Hu Ji Rong *(chairman)*	(Appointed as chairman on 26 August 2013)	2/2
Zheng Baodong		2/2
Wei Xiongwen (Note 1)	(Appointed on 26 August 2013)	1/1
Huang Zhigang (Note 2)	(Former chairman, resigned on 26 August 2013)	1/1

Notes:

1. Mr. Wei Xiongwen was appointed as a member on 26 August 2013, and 1 committee meeting was held after his appointment.

2. Mr. Huang Zhigang ceased to act as the chairman and a member on 26 August 2013, and 1 committee meeting was held before his resignation.

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 Company established the Nomination Committee with written terms of reference and currently consists of three independent non-executive Directors and an executive Director, namely Mr. Zheng Baodong (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 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.

During the financial year ended 30 April 2014, the Nomination Committee held 3 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 Directors.

Name of Member		Number of attendance
Zheng Baodong *(chairman)*	(Appointed as chairman on 26 August 2013)	3/3
Hu Ji Rong		3/3
Wei Xiongwen (Note 1)	(Appointed on 26 August 2013)	1/1
Chen Changgai (Note 2)	(Appointed on 25 November 2013)	N/A
Huang Zhigang (Note 3)	(Former chairman, resigned on 26 August 2013)	2/2
Nie Xing (Note 4)	(Resigned on 25 November 2013)	3/3

Notes:

1. Mr. Wei Xiongwen was appointed as a member on 26 August 2013, and 1 committee meeting was held after his appointment.

2. Mr. Chen Changgai was appointed as a member on 25 November 2013, and no committee meeting was held after his appointment.

3. Mr. Huang Zhigang ceased to act as the chairman and a member on 26 August 2013, and 2 committee meetings were held before his resignation.

4. Mr. Nie Xing ceased to act as a member on 25 November 2013, and 3 committee meetings were held before his resignation.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee with written terms of reference and currently consists of three independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as chairman), Mr. Zheng Baodong, Mr. Wei Xiongwen 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 2014, the Remuneration Committee held 3 meetings for reviewing the remuneration packages of the Directors and senior management, and recommending the remuneration of proposed Directors.

Name of Member		Number of attendance
Hu Ji Rong *(chairman)*	(Appointed as chairman on 26 August 2013)	3/3
Zheng Baodong		3/3
Wei Xiongwen (Note 1)	(Appointed on 26 August 2013)	1/1
Chen Changgai (Note 2)	(Appointed on 25 November 2013)	N/A
Huang Zhigang (Note 3)	(Former chairman, resigned on 26 August 2013)	2/2
Nie Xing (Note 4)	(Resigned on 25 November 2013)	3/3

Notes:

1. Mr. Wei Xiongwen was appointed as a member on 26 August 2013, and 1 committee meeting was held after his appointment.

2. Mr. Chen Changgai was appointed as a member on 25 November 2013, and no committee meeting was held after his appointment.

3. Mr. Huang Zhigang ceased to act as the chairman and a member on 26 August 2013, and 2 committee meetings were held before his resignation.

4. Mr. Nie Xing ceased to act as a member on 25 November 2013, and 3 committee meetings were held before his resignation.

The Company has adopted a new share option scheme and terminated the Old Share Option Scheme, which was adopted by the Company on 11 December 2003, on 18 October 2013. The purpose of the new 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 new 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 note 8 and 9 to the consolidated financial statements.

CORPORATE GOVERNANCE COMMITTEE

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

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 2014, the CG Committee held 1 meeting to review the Company's policies and practices on corporate governance; to review the training and continuous professional development of Directors and senior management; and to review the Company's compliance with the CG Code.

Name of Director		Number of attendance
Hu Ji Rong *(chairman)*	(Appointed as chairman on 26 August 2013)	1/1
Zheng Baodong		1/1
Wei Xiongwen (Note 1)	(Appointed on 26 August 2013)	N/A
Huang Zhigang (Note 2)	(Former chairman, resigned on 26 August 2013)	1/1

Notes:

1. Mr. Wei Xiongwen was appointed as a member on 26 August 2013, and no committee meeting was held after his appointment.

2. Mr. Huang Zhigang ceased to act as the chairman and a member on 26 August 2013, and 1 committee meeting was held before his resignation.

AUDITORS' REMUNERATION

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

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

COMPANY SECRETARY

Mr. Sung Chi Keung ("Mr. Sung") was appointed as the chief financial officer of the Company and the Company Secretary on 26 August 2013. The biographical details of Mr. Sung are set out on page 29 under the section headed "Profiles of Directors and Senior Executives".

According to the Rule 3.29 of the Listing Rules, Mr. Sung had taken no less than 15 hours of relevant professional training for the financial year ended 30 April 2014.

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 Company's Bye-Laws and the Companies Act of Bermuda. The procedure Shareholders can use to convene a special general meeting is set out in the documents entitled "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 2014, 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 2014, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng (孫少鋒), aged 49, is the Chairman, CEO and founder of the Group since its establishment. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He 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」) (the "Forum") and the "2009 China Agricultural Economics Industry Elite Ceremony" (「二零零九中國農經產業傑出人物頒獎典禮」) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum.

Mr. Chen Changgai (陳昌概), aged 34, 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 14 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 57, 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.

Mr. Zheng Baodong (鄭寶東), aged 47, was appointed as an independent non-executive Director on 20 January 2006. He graduated and received his master and doctorate degree in Horticulture from Fujian Agricultural College (福建農學院), major in storage and processing of agricultural products. Currently, Mr. Zheng is a professor at Fujian Agriculture and Forestry University. He is also the president of Fujian Province Food Additives Industrial Association (福建省食品添加劑工業協會), vice president of Fujian Province Institute of Nutrition (福建省營養學會), vice president of Fujian Province Institute of Food and Science Technology (福建省食品科學技術學會) and an executive of Chinese Nutrition Society (中國營養學會). He is entitled to receive special government allowance from the China State Council for expert. Mr. Zheng has extensive experience in education, scientific research and development activities in food science and technology sector. In recent years, he also involved in development of scientific and technological research items and various horizontal integration cooperation projects. He is also a member of each of the Audit Committee, the Remuneration Committee and the CG Committee and the chairman of the Nomination Committee.

Mr. Wei Xiongwen (魏雄文), aged 46, 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, 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.

SENIOR EXECUTIVES

Mr. Sung Chi Keung (宋治強), aged 39, is the Chief Financial Officer of the Company and Company Secretary. He holds a bachelor's degree in business administration, majoring in professional accountancy, from The Chinese University of Hong Kong and a master's degree in corporate finance from The Hong Kong Polytechnic University. 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. Before joining the Group, Mr. Sung was an executive director, a finance director and the company secretary of Asian Citrus Holdings Limited, a listed company on the AIM of the London Stock Exchange and the Stock Exchange which he has served for approximately 9 years. Prior to that, Mr. Sung has over 10 years of experience in financial management, accounting, taxation, auditing and corporate finance and previously worked for KPMG, PricewaterhouseCoopers Ltd. and Deloitte & Touche Corporate Finance Ltd.

Mr. Chen Qian (陳謙), aged 42, is the vice president of marketing of the Group. Mr. Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範高等專科學校) in 1992 and obtained a master degree from Renmin University of China (中國人民大學) in 2004. Prior to joining the Group, he served in various positions at a number of companies, including Officer, Section Chief, Head of Sub-division, Vice General Manager and Acting General Manager, and has over 11 years of working experience in sales management.

* *for identification purpose only*

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Lin Bing Wen (林炳文), aged 45, is the deputy general manager of cultivation division. He joined the Group in January 2001. Prior to joining the Group, Mr. Lin was the person-in-charge of cultivation bases for 5 years. He obtained his qualification as an assistant engineer from Quanzhou City Personnel Department (泉州市人事局) in January 2002.

Ms. Chen Bing Ling (陳冰玲), aged 39, is the deputy general manager of cultivation division. Ms. Chen has been a member of the Group since August 1998 and had been mainly responsible for business development, sales and marketing activities of the Group. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996.

Mr. Chen Wen Zhong (陳文忠), aged 52, is the general manager of procurement center and a senior agriculturist. Since he started his career in 1985, he has been engaged in management of agricultural cultivation and development. He had been the sourcing director (principally in processing, plantation, sales and production) in the head office of Shanghai Doule (PRC) of the US DOLE Food Company. Mr. Chen has strong experience in the on-site management of agricultural cultivation and processing.

Ms. Bao Cai Qing (包彩琴), aged 38, is our deputy general manager of the branded beverages business. Ms. Bao joined our Group in October 2010, mainly responsible for production and operation management and customer service of our beverage business. Prior to joining our Group, she held various positions, including supervisor in operation control department, director in procurement department and manager in logistics department at Xiamen Huierkang Food Co., Ltd. (廈門惠爾康食品有限公司) from 1997 to 2010, and has been involved in the management of procurement, distribution, storage and logistics. Ms. Bao has over 16 years of management experience in the food and beverage industry. Ms. Bao graduated from Jiangxi Southeast Learning Institute (江西東南進修學院) with a diploma in business management in 1997.

Mr. Zhang Zhi Qin (張志勤), aged 50, is the general manager of food research and development center of the Group. He is a senior engineer and a bachelor of Food Engineering. He was a Committee Member of the Assessment Committee of Senior Positions of High Technology Officers of Xiamen and Committee Member of Technological Professional Committee of Fujian Food Industry Association. He has over 11 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".

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 2014.

CHANGE OF COMPANY NAME

The special resolution regarding the change of the English name of the Company from "China Green (Holdings) Limited" to "China Culiangwang Beverages Holdings Limited", and the adoption of "中國粗糧王飲品控股有限公司" as the secondary name of the Company in Chinese to replace the former Chinese name "中國綠色食品(控股)有限公司" adopted for identification purpose only, was duly passed by the Shareholders at the special general meeting of the Company held on 30 June 2014. Both the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 4 July 2014.

As at the date of this report, the Company is still carrying out necessary filing procedures with the Companies Registry in Hong Kong. Further announcement(s) will be made by the Company to inform the Shareholders of the effective date of the change of company name, the new English stock short name and the new Chinese stock short name of the Company for trading of the shares of the Company on the Stock Exchange as and when appropriate.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investments holding. The activities of its subsidiaries are set out in note 20 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 30 April 2014 by business segments is set out in note 14 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results for the financial year ended 30 April 2014 are set out in the consolidated statement of profit or loss on page 43.

The Board did not recommend the payment of a final dividend for the year ended 30 April 2014 (2013: nil).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 32 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 48. Details of movements in the reserves of the Company during the year are set out in note 32 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES

The Company's contributed surplus in the amount of 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 2014, the reserves of the Company were not available for distribution (2013: 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

The Company has fully redeemed the RMB1,350,000,000 US Dollars settled 3.00 per cent convertible bonds due 2013, which were listed on the Singapore Exchange Securities Trading Limited, during the year ended 30 April 2014. Details of which were set out in the overseas regulatory announcement of the Company dated 14 November 2013.

As disclosed in the announcement of the Company dated 14 April 2014, the Company made a mandatory redemption on the 10.00 per cent. 2016 Bonds, which are listed on the Singapore Exchange Securities Trading Limited, in the aggregate principal amount of RMB120,356,526 (equivalent to US$19,566,985.21) 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, redeemed or sold any of the Company's listed securities during the year ended 30 April 2014.

DIRECTORS

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

Executive Directors

Sun Shao Feng *(Chairman and CEO)*	
Chen Changgai	(Appointed on 25 November 2013)
Nie Xing	(Resigned on 25 November 2013)

Independent Non-executive Directors

Hu Ji Rong	
Zheng Baodong	
Wei Xiongwen	(Appointed on 26 August 2013)
Huang Zhigang	(Resigned on 26 August 2013)

INDEPENDENCE CONFIRMATION

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

DIRECTORS' SERVICE AGREEMENTS

None of the Directors who are proposed for re-election at the 2014 annual general meeting of the Company ("2014 AGM") has a service agreement with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PROFILES OF DIRECTORS AND SENIOR EXECUTIVES

Profiles of Directors and Senior Executives of the Group are set out on pages 28 to 30.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2014, the interest or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, are set out below:

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

Name of Director	Capacity	Long position/ short position	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Sun Shao Feng	Interest of controlled corporation	Long position	407,274,000 (Note)	38.39%

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

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

At the annual general meeting of the Company held on 18 October 2013, the Shareholders approved the adoption of a new share option scheme (the "Existing Scheme") and the termination of the share option scheme which was approved by the Company on 12 December 2003 (the "Old Scheme") (the two schemes, collectively the "Schemes"). The Existing Scheme will expire on 18 October 2023. Options granted under the Old Scheme prior to such termination will continue to be valid and exercisable in accordance with the rules of the Old Scheme. During the year ended 30 April 2014, no share option was granted under the Existing Scheme and the Old Scheme.

The purpose of the Schemes is to enable the Board to grant options to eligible participants as incentives or rewards for their contributions to the Group.

The principal terms of the Old Scheme are as follows:

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

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

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

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

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

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

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

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

The principal terms of the Existing Scheme are as follows:

(i) The total number of shares which may be issued and alloted upon exercise of all options to be granted under the Existing 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 Existing 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 Existing Scheme; and (ii) 10 years from the date of offer of option.

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

Details of movement in the share options granted under the Old Scheme during the year ended 30 April 2014 are as follows:

Name or category of participants	Number of share options: Balance as at 1 May 2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 April 2014	Exercise price (HK$)	Date of Grant	Exercisable Period
Director								
Sun Shao Feng	8,400,000	–	–	(8,400,000)	–	7.29	30 May 2007	30 May 2008 to 11 Dec 2013##
Sub-total	8,400,000	–	–	(8,400,000)	–			
Employees								
	2,412,000	–	–	(2,412,000)	–	3.50	19 April 2006	19 April 2007 to 11 Dec 2013#
Sub-total	2,412,000	–	–	(2,412,000)	–			
Total	10,812,000	–	–	(10,812,000)	–			

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

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

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 April 2014, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

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

Name	Capacity	Long position/ Short position	Number of ordinary shares held	Approximate percentage of shareholding in the Company (Note 1)
Capital Mate (Note 2)	Beneficial owner	Long position	407,274,000	38.39%
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") (Note 3)	Beneficial owner	Long position	226,553,576	21.36%
GLG Partners LP	Investment manager	Long position	56,721,792	5.34%

Notes:

1. Based on the Company's issued share capital of 1,060,840,540 ordinary shares of HK$0.1 each ("Shares") as at 30 April 2014.

2. Capital Mate is wholly and beneficially owned by Mr. Sun Shao Feng. Hence, Mr. Sun is deemed to be interested in these 407,274,000 Shares owned by Capital Mate.

3. Based on the notice of disclosure of interests of PKU V-Ming Investment dated 19 April 2013, Partner Shanghai Limited ("Partner Shanghai") is wholly-owned by Mr. Bi Hao (who acts as the bare trustee for and on behalf of PKU V-Ming Investment). Under Part XV of the SFO, PKU V-Ming Investment is interested in these 226,553,576 Shares in which Partner Shanghai is interested. As at 30 April 2014, the subscription of these 226,553,576 Shares pursuant to the master framework and subscription agreement ("Master Framework and Subscription Agreement") entered into, *inter alia*, between the Company and Partner Shanghai dated 4 September 2013 has not yet been completed. Please refer to the Company's circular dated 2 October 2013 for details of the subscription.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 April 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2014.

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 2014, 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 38 to the consolidated financial statements. Other than disclosed therein, there was no other connected transaction of the Group during the year ended 30 April 2014.

RETIREMENT SCHEME ARRANGEMENT

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was approximately 18.1% of the Group's purchase and the largest supplier to the Group was approximately 4.6% of the Group's purchase for the year.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 5.5% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 1.3% of the Group's turnover for the year.

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

PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company established the Audit Committee on 12 December 2003, which currently comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as Chairman), Mr. Zheng Baodong and Mr. Wei Xiongwen. The primary duties of the Audit Committee are to review the financial reporting process of the Group. During the year ended 30 April 2014, 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 2014.

SUBSEQUENT EVENTS

On 20 June 2014, the parties to the Master Framework and Subscription Agreement and Tsinghua Redbud Holding Ltd. (紫荊控股有限公司) ("Tsinghua Redbud") entered into a novation agreement (the "Novation Agreement"), pursuant to which all the rights, benefits and obligations under the Master Framework and Subscription Agreement including the loan granted by Tsinghua Redbud (as duly authorized nominee of PKU V-Ming Investment) through an entrusted PRC bank were novated by PKU V-Ming Investment to Tsinghua Redbud upon the signing of the Novation Agreement, details of which were set out in the announcement of the Company dated 20 June 2014.

On 27 March 2014, the Company and Oriental Unicorn Agricultural Group Limited ("OUA" and together with its subsidiaries, the "OUA Group") entered into a memorandum of understanding (which was supplemented by an extension letter dated 27 June 2014) in relation to the possible cooperation between the Group and OUA Group. Details of which were set out in the joint announcements made by OUA and the Company on 27 March 2014 and 27 June 2014.

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 Shares and such Shares shall rank pari passu with all existing Shares upon issue.

AUDITORS

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

Crowe Horwath resigned as auditor of the Company with effect from 25 May 2012, and HLB Hodgson Impey Cheng Limited ("HLB") was appointed as the new auditor of the Company at the special general meeting of the Company held on 13 June 2012 to fill the vacancy arising from the resignation of Crowe Horwath.

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

A resolution will be proposed at the 2014 AGM to re-appoint HLB as auditor of the Company.

On behalf of the Board

Sun Shao Feng
Chairman

Hong Kong, 25 July 2014

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

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

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

We have audited the consolidated financial statements of China Green (Holdings) Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 43 to 145, which comprise the consolidated and company statements of financial position as at 30 April 2014, 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 about whether the consolidated financial statements are free from material misstatement.

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

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 2014 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, 25 July 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2014

	Notes	2014 RMB'000	2013 RMB'000
Turnover	4	**2,093,738**	2,184,097
Cost of sales		**(1,493,634)**	(1,450,799)
Gross profit		**600,104**	733,298
Other revenue	5(a)	**15,411**	7,130
Other losses	5(b)	**(244,464)**	–
(Loss)/gain arising from changes in fair value less costs to sell biological assets		**(7,952)**	23,455
Net loss arising from changes in fair value of other financial liabilities	30	**(21,849)**	–
Selling and distribution expenses		**(270,691)**	(297,044)
General and administrative expenses		**(263,182)**	(187,353)
Loss on disposal of a subsidiary	34	**(50,338)**	–
(Loss)/profit from operations		**(242,961)**	279,486
Finance costs	6(a)	**(149,442)**	(101,770)
(Loss)/profit before taxation	6	**(392,403)**	177,716
Income tax	7	**(82,296)**	(96,586)
(Loss)/profit for the year attributable to owners of the Company		**(474,699)**	81,130
(Loss)/earnings per share			
– Basic	12	**RMB(52.7) cents**	RMB9.2 cents
– Diluted		**RMB(52.7) cents**	RMB9.2 cents

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2014

	2014 RMB'000	2013 RMB'000
(Loss)/profit for the year	**(474,699)**	81,130
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	**13,908**	1,556
Total comprehensive (loss)/income for the year attributable to owners of the Company	**(460,791)**	82,686

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15(a)	**2,751,032**	2,829,639
– Interests in leasehold land held for own use under operating leases	16	**213,783**	253,884
Long-term prepaid rentals	17	**1,217,284**	1,402,303
Pledged bank deposits	24	**274,750**	–
Deposits paid for acquisition of fixed assets	18	**317,292**	241,949
		4,774,141	4,727,775
Current assets			
Inventories	21	**51,907**	61,592
Biological assets	22	**13,267**	40,893
Current portion of long-term prepaid rentals	17	**120,377**	122,792
Trade and other receivables	23	**176,947**	90,329
Bank deposits with maturity over 3 months		**–**	18,119
Pledged bank deposits	24	**114,046**	–
Cash and cash equivalents	25	**294,842**	422,632
		771,386	756,357
Current liabilities			
Amount due to a director	26	**7,995**	8,088
Amount due to a shareholder	26	**2,815**	–
Trade and other payables	27	**191,640**	96,856
Borrowings	29	**246,571**	–
Income tax payable	28(a)	**25,507**	23,613
Other financial liabilities	30	**21,902**	–
Convertible bonds	31	**178,701**	1,370,487
		675,131	1,499,044
Net current assets/(liabilities)		**96,255**	(742,687)
Total assets less current liabilities		**4,870,396**	3,985,088

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Deferred tax liabilities	28(b)	**86,189**	70,876
Borrowings	29	**532,738**	–
Convertible bonds	31	**669,628**	–
		1,288,555	70,876
Net assets		**3,581,841**	3,914,212
Capital and reserves	32		
Share capital		**106,277**	92,236
Reserves		**3,475,564**	3,821,976
Total equity attributable to owners of the Company		**3,581,841**	3,914,212

Approved and authorised for issue by the board of directors on 25 July 2014.

Sun Shao Feng
Director

Chen Changgai
Director

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

STATEMENT OF FINANCIAL POSITION

At 30 April 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	15(b)	**343**	452
Investments in subsidiaries	20	**223,117**	225,732
		223,460	226,184
Current assets			
Trade and other receivables	23	**1,771,819**	1,798,585
Cash and cash equivalents	25	**7,192**	52,433
		1,779,011	1,851,018
Current liabilities			
Due to a director	26	**7,995**	8,088
Due to a shareholder	26	**2,815**	–
Other payables	27	**101,272**	63,015
Borrowings	29	**166,571**	–
Other financial liabilities	30	**21,902**	–
Convertible bonds	31	**178,701**	1,370,487
		479,256	1,441,590
Net current assets		**1,299,755**	409,428
Total assets less current liabilities		**1,523,215**	635,612
Non-current liabilities			
Deferred tax liabilities	28(b)	**15,551**	–
Convertible bonds	31	**669,628**	–
Borrowings	29	**280,442**	–
		965,621	–
Net assets		**557,594**	635,612
Capital and reserves	32		
Share capital		**106,277**	92,236
Reserves		**451,317**	543,376
Total equity attributable to owners of the Company		**557,594**	635,612

Approved and authorised for issue by the board of directors on 25 July 2014.

Sun Shao Feng
Director

Chen Changgai
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2014

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Merger reserve RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 May 2012	92,236	702,532	205,190	14,694	25,586	46,108	(121,291)	2,866,471	3,831,526
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	1,556	–	1,556
Profit for the year	–	–	–	–	–	–	–	81,130	81,130
Total comprehensive income for the year	–	–	–	–	–	–	1,556	81,130	82,686
Profit appropriation to PRC statutory reserves	–	–	13,052	–	–	–	–	(13,052)	–
Transfer to retained profits upon lapse of share options	–	–	–	–	(444)	–	–	444	–
As at 30 April 2013 and 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	**106,277**	**768,899**	**242,642**	**14,694**	**–**	**45,164**	**(105,827)**	**2,509,992**	**3,581,841**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2014

	Notes	2014 RMB'000	2014 RMB'000	2013 RMB'000	2013 RMB'000
Operating activities					
Cash generated from operations	25		**561,497**		604,332
PRC enterprise income tax paid	28(a)		**(81,149)**		(108,310)
Net cash generated from operating activities			**480,348**		496,022
Investing activities					
Payment of interests in leasehold land held for own use under operating leases		**(3,360)**		–	
Payment for purchase of fixed assets		**(401,802)**		(1,140,514)	
Payments of long-term prepaid rentals		**–**		(601,025)	
Proceeds from disposals of a subsidiary, net of cash disposed		**(77)**		–	
Proceeds from disposals of property, plant and equipment		**241**		–	
Increase in deposits in acquisition of fixed assets		**(118,210)**		–	
Decrease in bank deposits with maturity over 3 months		**18,119**		15,630	
Increase in pledged bank deposits		**(388,796)**		–	
Interest received		**1,685**		6,138	
Net cash used in investing activities			**(892,200)**		(1,719,771)
Financing activities					
Payments for restructuring of convertible bonds		**(339,927)**		–	
Payment of redemption of convertible bonds		**(120,356)**		–	
Proceeds from top-up placing, net of transaction cost		**80,408**		–	
Increase in borrowings		**779,309**		–	
Increase in amount due to a shareholder		**2,815**		–	
Interest paid		**(121,041)**		(38,646)	
Net cash generated from/(used in) financing activities			**281,208**		(38,646)
Net decrease in cash and cash equivalents			**(130,644)**		(1,262,395)
Cash and cash equivalents at 1 May			**422,632**		1,683,456
Effect of foreign exchange rate changes			**2,854**		1,571
Cash and cash equivalents at 30 April			**294,842**		422,632

1. GENERAL INFORMATION

China Green (Holdings) Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of its registered office and principal place of business in Hong Kong are Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and Rooms 4120-24, 41/F Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, respectively. The major shareholder of the Company is Capital Mate Limited, a company incorporated in British Virgin Islands.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 20 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 certain 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 all of its subsidiaries controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

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 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.

Financial assets at fair value through profit and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value through profit and loss (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a director, amount due to a shareholder, 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)

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.

Trade and other receivables

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

Convertible bonds

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

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible bonds (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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).

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

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

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

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

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 May 2013. A Summary of the new HKFRSs are set out as below.

HKFRS 1 (Amendments)	Government Loan
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKAS 1 (Amendments)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Except for the amendments to HKAS 1, the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy on adoption of the amendments to HKAS 1 is described below.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

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

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 May 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 9, HKFRS 7 and, HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36	Recoverable Amount and Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 14	Regulatory Deferral Accounts[4]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permited.

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

3 No mandatory effective date yet determined but is available for adoption.

4 Effective for annual periods beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after 1 January 2014, with limited exceptions.

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

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. Previously, 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.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

The Directors anticipate that HKFRS 9 that may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

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

Amendments to HKFRS 7 and HKAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures

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".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 – Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The Directors anticipate that the application of these amendments to HKAS 36 will have no material impact on the Group's financial performance and positions.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The Investment Entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The Directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group's financial performance and positions.

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

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

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

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (continued)

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The Directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group's financial performance and positions.

HK (IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognize a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

The Directors anticipate that the application of these amendments to HK (IFRIC) – Int 21 Levies will have no material impact on the Group's financial performance and positions.

4. TURNOVER

The Group is principally engaged in the growing, processing and sales of agricultural products and production and sales of consumer food and beverage products.

Turnover represents sales value of agricultural products and consumer food and beverage products supplied to customers, which is net of value-added tax and other sales taxes, less returns and discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	RMB'000	RMB'000
Fresh produce and processed products	**409,840**	660,773
Branded beverage products	**1,484,944**	1,280,335
Branded food products and others	**198,954**	242,989
	2,093,738	2,184,097

5. OTHER REVENUE AND OTHER LOSSES

(a) Other revenue

	2014 **RMB'000**	2013 RMB'000
Interest income on financial assets not at fair value through profit or loss – interest income from banks	**9,670**	6,138
Other trading income	**171**	–
Rental income	**1,134**	808
Gain on redemption of convertible bonds	**1,056**	–
Government grant received (Note i)	**3,260**	–
Sundry income	**120**	184
	15,411	7,130

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. The Group received these government grants in respect of its investment in the beverage market in PRC.

(b) Other losses

	2014 **RMB'000**	2013 RMB'000
Impairment loss recognised on property, plant and equipment (Note 15)	**150,310**	–
Impairment loss recognised on long-term prepaid rentals (Note 17)	**66,966**	–
Impairment loss recognised on interests in leasehold land held for own use under operating leases (Note 16)	**27,188**	–
	244,464	–

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the following:

	2014 RMB'000	2013 RMB'000
(a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible bonds	**52,996**	105,947
– interest on matured convertible bonds	**77,747**	6,773
– interest on borrowings	**18,699**	–
Less: interest expense capitalised into construction-in-progress*	**–**	(10,950)
	149,442	101,770

* The borrowing costs have been capitalised at 7.76% per annum for the year ended 30 April 2013.

	2014 RMB'000	2013 RMB'000
(b) Staff costs		
Contributions to defined contribution retirement plans	**7,879**	10,566
Salaries, wages and other benefits	**146,583**	163,768
	154,462	174,334

6. (LOSS)/PROFIT BEFORE TAXATION (continued)

	2014 RMB'000	2013 RMB'000
(c) Other items		
Amortisation of land lease premium (Note 16)	**6,305**	5,576
Amortisation of long-term prepaid rentals (Note 17)	**120,468**	102,543
Depreciation of property, plant and equipment (Note 15(a))	**210,340**	226,468
Operating lease charges: minimum lease payments – property rentals	**2,266**	2,851
Research and development expenses	**28,063**	44,651
Auditors' remuneration – audit services	**2,000**	2,056
Cost of inventories sold	**1,493,634**	1,450,799
Net foreign exchange loss	**12,185**	–
Loss on disposal of property, plant and equipment	**21,609**	28

7. INCOME TAX

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

	2014 RMB'000	2013 RMB'000
Current tax – Enterprise Income Tax in the PRC		
– Provision for the year (Note 28(a))	**82,246**	116,439
Under/(over) provision in prior year		
– PRC Enterprise Income Tax (Note 28(a))	**797**	(14,626)
	83,043	101,813
Deferred tax		
Origination and reversal of temporary differences (Note 28(b))	**(747)**	(5,227)
Total income tax recognised in profit or loss	**82,296**	96,586

7. INCOME TAX (continued)

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

(i) PRC Enterprise Income Tax

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

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

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2014 and 2013 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.

7. INCOME TAX (continued)

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

	2014		2013	
	RMB'000	%	RMB'000	%
(Loss)/profit before taxation	(392,403)		177,716	
Notional tax on (loss)/profit before taxation, calculated at rates applicable to (loss)/profits in the countries concerned	(76,796)	(19.6)	54,922	30.9
Tax effect of operating loss of Group companies not subject to income tax	32,719	8.3	20,833	11.7
Tax effect of non-taxable income	(957)	(0.1)	(11,135)	(6.3)
Tax effect of profit exempted from income tax as a result of tax benefit	(21,825)	(5.6)	(20,771)	(11.7)
Tax effect of unused tax losses not recognised	65,811	16.8	32,187	18.1
Tax effect of non-deductible expenses	83,344	21.2	20,550	11.6
Taxation charge	82,296	21.0	96,586	54.3

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

8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2013				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director					
Sun Shao Feng	–	1,849	10	155	2,014
Executive director					
Nie Xing	–	943	6	79	1,028
Independent non-executive directors					
Hu Ji Rong	54	–	–	–	54
Zheng Baodong	54	–	–	–	54
Huang Zhigang	54	–	–	–	54
	162	2,792	16	234	3,204

No directors of the Company had waived any emoluments and no emoluments was paid or payable by the Group to any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2014 and 2013.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with highest emoluments, one (2013: two) is director whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other four (2013: three) individuals are as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries and other emoluments	**2,745**	1,901
Discretionary bonuses	**153**	130
Retirement scheme contributions	**35**	36
	2,933	2,067

The emoluments of the four (2013: three) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2014	2013
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-792,000	**2**	2
1,000,001-1,500,000	792,001-1,189,000	**2**	1
		4	3

(b) Senior management of the Company

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

		Number of individuals	
		2014	2013
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-792,000	**2**	–
1,000,001-1,500,000	792,001-1,189,000	**2**	1
		4	1

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

There were no amounts paid to 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 2014 and 2013.

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of approximately RMB199,473,000 (2013: approximately RMB119,103,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2014 (2013: Nil).

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately RMB474,699,000 (2013: profit attributable to owners of the Company of approximately RMB81,130,000) and the weighted average number of 900,505,047 ordinary shares (2013: 884,035,540 ordinary shares) in issue during the year.

(i) (Loss)/profit attributable to owners of the Company

	2014 RMB'000	2013 RMB'000
(Loss)/profit attributable to owners of the Company used to determine diluted (loss)/earnings per share	**(474,699)**	81,130

	2014 Number of ordinary shares	2013 Number of ordinary shares
Weighted average number of ordinary shares for calculation of diluted (loss)/earnings per share	**900,505,047**	884,035,540

12. (LOSS)/EARNINGS PER SHARE (continued)

(b) Diluted (loss)/earnings per share

Diluted earnings per share for the year ended 30 April 2013 was the same as the basic earnings per share. There was no outstanding share options as at 30 April 2014. The Company's outstanding share options were not included in the calculation of diluted earnings per share for the year ended 30 April 2013 because the effect of the Company's outstanding share options was anti-dilutive.

During the years ended 30 April 2014 and 2013, the computation of diluted (loss)/ earnings per share did not assume the conversion of the Company's outstanding convertible bonds since such conversion would result in an increase in diluted (loss)/ earnings per share.

13. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the plan vest immediately.

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

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

For the year ended 30 April 2014, the Group's retirement plan contributions amounted to approximately RMB7,879,000 (2013: RMB10,566,000).

14. SEGMENT REPORTING

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

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

(a) Segment results, assets and liabilities

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

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

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

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 2014 and 2013 is set out below.

14. SEGMENT REPORTING (continued)

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

	Fresh produce and processed products		Branded beverage products		Branded food products and others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**409,840**	660,773	**1,484,944**	1,280,335	**198,954**	242,989	**2,093,738**	2,184,097
Inter-segment revenue	**73,587**	47,438	**235,913**	–	**–**	–	**309,500**	47,438
Reportable segment revenue	**483,427**	708,211	**1,720,857**	1,280,335	**198,954**	242,989	**2,403,238**	2,231,535
Reportable segment (loss)/profit	**(342,134)**	77,860	**231,886**	214,479	**8,632**	41,107	**(101,616)**	333,446
Interest income	**860**	4,263	**2,558**	836	**7**	14	**3,425**	5,113
Depreciation and amortization	**162,387**	219,273	**124,918**	75,440	**31,682**	22,259	**318,987**	316,972
Income tax	**3,523**	25,690	**75,628**	64,535	**3,892**	11,588	**83,043**	101,813
Reportable segment assets	**1,445,262**	2,750,451	**3,374,930**	2,252,001	**152,760**	182,007	**4,972,952**	5,184,459
Fair value change on biological assets	**7,952**	(23,455)	**–**	–	**–**	–	**7,952**	(23,455)
Finance cost	**6**	–	**209**	–	**–**	–	**215**	–
Impairment loss recognised on property, plant and equipment	**150,310**	–	**–**	–	**–**	–	**150,310**	–
Impairment loss recognised on interests in leasehold land held for own use under operating leases	**27,188**	–	**–**	–	**–**	–	**27,188**	–
Impairment loss recognised on long-term prepaid rentals	**66,966**	–	**–**	–	**–**	–	**66,966**	–
Additions to non-current assets during the year	**456**	269,612	**447,003**	1,493,161	**22**	261	**447,481**	1,763,034
Reportable segment liabilities	**16,309**	19,171	**148,811**	86,241	**9,190**	5,992	**174,310**	111,404

14. SEGMENT REPORTING (continued)

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

	2014 RMB'000	2013 RMB'000
Revenue		
Reportable segment revenue	**2,403,238**	2,231,535
Elimination of inter-segment revenue	**(309,500)**	(47,438)
Consolidated turnover	**2,093,738**	2,184,097
Profit or loss		
Reportable segment (loss)/profit derived from Group's external customers	**(101,616)**	333,446
Finance costs	**(149,227)**	(101,770)
Interest income	**6,245**	1,025
Loss on disposal of a subsidiary	**(50,338)**	-
Other revenue	**771**	885
Unallocated depreciation and amortisation	**(18,055)**	(17,615)
Unallocated head office and corporate expenses	**(81,239)**	(38,255)
Gain on redemption of convertible bonds	**1,056**	-
Consolidated (loss)/profit before taxation	**(392,403)**	177,716

14. SEGMENT REPORTING (continued)

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

	2014 RMB'000	2013 RMB'000
Assets		
Reportable segment assets	**4,972,952**	5,184,459
Unallocated head office and corporate assets:		
– Fixed assets	**194,371**	211,096
– Bank deposit with maturity over 3 months	**–**	18,119
– Pledged bank deposit	**255,296**	–
– Cash and cash equivalents	**11,799**	58,939
– Other assets	**111,109**	11,519
Consolidated total assets	**5,545,527**	5,484,132

	2014 RMB'000	2013 RMB'000
Liabilities		
Reportable segment liabilities	**174,310**	111,404
Convertible bonds	**848,329**	1,370,487
Deferred tax liabilities	**86,189**	70,876
Borrowings	**729,309**	–
Unallocated head office and corporate liabilities	**125,549**	17,153
Consolidated total liabilities	**1,963,686**	1,569,920

14. 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**	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
The PRC (place of domicile)				
– Sales to import/export companies in the PRC	**14,478**	260,396		
– Sales to other customers in the PRC	**2,079,260**	1,923,701		
	2,093,738	2,184,097	**4,773,798**	4,727,775

(d) Information about major customers

For the year ended 30 April 2014, the Group's revenue included sales to the Group's three most significant customers amounting to approximately RMB27,524,000 (2013: RMB115,503,000), RMB25,702,000 (2013: RMB107,088,000) and RMB25,090,000 (2013: RMB88,440,000) respectively, which are generated from the sales of branded beverage products. No other single customers contributed 10% or more to the Group's revenue for the years ended 30 April 2014 and 2013.

15. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings (Note i)	Infrastructure on cultivation bases	Leasehold improvement	Machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction-in-progress (Note ii)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 May 2012	560,239	781,330	80,173	927,891	29,116	10,165	189,782	2,578,696
Exchange realignment	–	–	–	–	(5)	–	–	(5)
Additions	3,168	34,264	–	9,122	593	149	1,088,808	1,136,104
Transfer	–	–	–	3,869	–	–	(3,869)	–
Disposals	–	–	–	(42)	(130)	(6)	–	(178)
At 30 April 2013 and 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	621,569	759,510	78,673	954,040	29,741	9,829	1,506,526	3,959,888
Accumulated depreciation and impairment loss:								
At 1 May 2012	79,902	309,600	28,313	222,872	14,057	3,918	–	658,662
Exchange realignment	–	–	–	–	(2)	–	–	(2)
Charge for the year	27,594	98,296	7,284	89,062	3,073	1,159	–	226,468
Eliminated on disposals	–	–	–	(40)	(110)	–	–	(150)
At 30 April 2013 and 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	175,961	478,718	63,916	463,951	20,734	5,576	–	1,208,856
Carrying amount:								
At 30 April 2014	**445,608**	**280,792**	**14,757**	**490,089**	**9,007**	**4,253**	**1,506,526**	**2,751,032**
At 30 April 2013	455,911	407,698	44,576	628,946	12,556	5,231	1,274,721	2,829,639

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group (continued)

Notes:

(i) All of the Group's buildings are located in the PRC.

(ii) Analysis of construction-in-progress is as follows:

	2014	2013
	RMB'000	RMB'000
Construction cost of building structure	**347,607**	501,067
Cost of machinery pending installation	**31,419**	31,154
Infrastructure	**1,127,500**	742,500
	1,506,526	1,274,721

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

(b) The Company

	Furniture, fixtures and office equipment
	RMB'000
Cost:	
At 1 May 2012	708
Exchange realignment	(5)
Additions	11
At 30 April 2013 and 1 May 2013	714
Exchange realignment	(8)
Additions	31
At 30 April 2014	737

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The Company (continued)

	Furniture, fixtures and office equipment RMB'000
Accumulated depreciation:	
At 1 May 2012	129
Exchange realignment	(2)
Charge for the year	135
At 30 April 2013 and 1 May 2013	262
Exchange realignment	(3)
Charge for the year	135
At 30 April 2014	394
Carrying amount:	
At 30 April 2014	**343**
At 30 April 2013	452

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 2014. The Group carried out a review of the recoverable amount and compare with carrying amount of the property, plant and equipment. Please refer to note 19 for details.

During the year, the impairment loss recognised on property, plant and equipment of approximately RMB150,310,000 (2013: Nil) which are located in the PRC. The impairment losses have been included in the other losses in the consolidated statement of profit or loss and other comprehensive income.

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The Company (continued)

Notes (continued):

(ii) Buildings with a carrying amount of approximately RMB322,378,000 (2013: Nil) have been pledged to secure banking facilities granted to the Group.

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

The Group

	2014	2013
	RMB'000	RMB'000
Cost:		
At 1 May	**291,267**	254,268
Additions	**43,028**	36,999
Disposal of a subsidiary	**(55,112)**	–
At 30 April	**279,183**	291,267
Accumulated amortisation and impairment loss:		
At 1 May	**31,501**	25,925
Amortisation for the year (Note 6(c))	**6,305**	5,576
Impairment loss recognised in profit or loss	**27,188**	–
Disposal of a subsidiary	**(5,234)**	–
At 30 April	**59,760**	31,501
Carrying amount:		
At 30 April	**219,423**	259,766

As at 30 April 2014, the non-current portion of interests in leasehold land held for own use under operating leases is approximately RMB213,783,000 (2013: RMB253,884,000).

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

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

Notes:

(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 covers an area of 75,824 mu in aggregate at 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 2014, the Group carried out a review of the recoverable amount and compare with the carrying amount of the interests in leasehold land held for own use under operating leases. Please refer to note 19 for details.

During the year, the impairment loss recognised on interests in leasehold land held for own use under operating leases of approximately RMB27,188,000 (2013: Nil) which are located in the PRC. The impairment losses have been included in the other losses in the consolidated statement of profit or loss and other comprehensive income.

(iii) Interests in leasehold land with a carrying amount of approximately RMB121,395,000 (2013: Nil) have been pledged to secure banking facilities granted to the Group.

17. LONG-TERM PREPAID RENTALS

The Group

This represents the prepayment of long-term rentals of cultivation bases as at the end of the reporting period under operating leases in the PRC. The lease terms ranged from 1 year to 32 years. The movement of the long-term prepaid rentals is summarised as follows:

	2014	2013
	RMB'000	RMB'000
Cost:		
At 1 May	**1,962,632**	1,361,607
Additions	**–**	601,025
At 30 April	**1,962,632**	1,962,632
Accumulated amortisation and impairment loss:		
At 1 May	**437,537**	334,994
Amortisation for the year (Note 6(c))	**120,468**	102,543
Impairment loss recognised in profit or loss	**66,966**	–
At 30 April	**624,971**	437,537
Carrying amount:		
At 30 April	**1,337,661**	1,525,095

Analysis of long-term prepaid rentals is as follows:

	2014	2013
	RMB'000	RMB'000
Non-current portion	**1,217,284**	1,402,303
Current portion	**120,377**	122,792
Carrying amount at 30 April	**1,337,661**	1,525,095

17. LONG-TERM PREPAID RENTALS (continued)

Notes:

(i) On 8 October 2012, the Group entered into a lease agreement of 32 years and 2 months and a lease agreement of 31 years and 2 months with Huian Lu Shang Trading Limited ("Huian Lu Shang") and Hubei Tianmen Huixing Trading Limited ("Hubei Tianmen"). In respect of the lease agreements, the Group has paid the first instalment to Huian Lu Shang and Hubei Tianmen of RMB400,000,000 and RMB200,000,000 respectively. The two parcels of farmland cover an area of 150,000 mu in aggregate in Jilin Province Baicheng City for the purpose of cultivating produce for the Group's mult-grain food and beverage business. For the detail, please refer to the Company's circular dated 18 May 2013.

(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 2014, the Group carried out a review of the recoverable amount and compare with the carrying amount of the long-term prepaid rentals. Please refer to note 19 for details.

The impairment loss recognised on long-term prepaid rentals of approximately RMB66,996,000 for the year ended 30 April 2014 (2013: Nil) which are located in the PRC. The impairment loss have been included in other losses in the consolidated statement of profit and loss and other comprehensive income.

18. DEPOSITS PAID FOR ACQUISITION OF FIXED ASSETS

The Group

	2014	2013
	RMB'000	RMB'000
Deposits paid for acquisition of interests in leasehold land held for own use under operating lease	**–**	39,667
Deposits paid for acquisition of property, plant and equipment	**317,292**	202,282
	317,292	241,949

19. IMPAIRMENT TESTING ON CASH GENERATING UNIT

During the year, the decline of the financial performance of the Group's fresh produce and processed products segment (the "Cash Generating Unit") was mainly due to the continuously increasing Sino-Japanese diplomatic tension, appreciation of RMB against most foreign currencies during the year and overall decline in China's export of vegetables following the cancellation of export rebates for vegetables since 2012. As there is no sign of recovery in the export business 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. Thus, the Group carried out an impairment testing on the Cash Generating Unit. The review was performed by an independent qualified valuer as at 30 April 2014 and the value in use of Cash Generated Unit has 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 15.97% and 3% respectively.

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

(a) the Group's business transformation continued with an aim to transform the Group from being a pure agricultural company to produce multi-grain beverages and therefore the Group is planning to dispose of certain inefficient assets in this cash generating unit; and

(b) the sales focus will be transformed from overseas to domestic;

The value in use amount of the Cash Generating Unit as at 30 April 2014 was approximately RMB789,900,000 and impairment loss of approximately RMB244,464,000 has been recognised during the year ended 30 April 2014 (2013: Nil).

The impairment loss of approximately RMB244,464,000 was allocated to each individual assets of the Cash Generating Unit pro rata on the basis of the carrying amounts of each asset in Cash Generating Unit. The amount was allocated as follows:

	2014 **RMB'000**	2013 RMB'000
Property, plant and machinery (Note 15)	**150,310**	–
Long term prepaid rentals (Note 17)	**66,966**	–
Interests in leasehold land held for own use under operating leases (Note 16)	**27,188**	–
	244,464	–

20. INVESTMENTS IN SUBSIDIARIES

The Company

	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost		
At 1 May	**225,732**	227,389
Exchange realignment	**(2,615)**	(1,657)
At 30 April	**223,117**	225,732

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 Company Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Sales of beverage products
China Green Harvest (Xiamen) Frozen Food Company Limited (Note (i))	The PRC	US$8,000,000	100%	–	100%	Trading of agricultural and frozen products
Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited (Note (ii))	The PRC	RMB68,000,000	100%	–	100%	Processing and sales of agricultural products

20. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Indirect subsidiaries: (continued)						
Zhonglu (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 Development Co., Ltd. (Note (ii))	The PRC	HK$175,000,000	100%	–	100%	Processing and sales of beverage products
Zhonglu (Hubei) Industry Development Limited (Note (i))	The PRC	HK$200,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Fengxin Zhonglu Biyun Organic Rise Science Technology Limited (Note (iii))	The PRC	RMB20,040,080	100%	–	100%	Growing, processing and sales of agricultural products
Hubei Eco-sky Agricultural Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Growing, processing and sales of agricultural products
China Green (Tianmen) Beverages Science and Technology Development Limited (Note (iii))	The PRC	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

20. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Indirect subsidiaries: (continued)						
China Green (Fuyang) Beverages Science and Technology Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Processing and sales of beverage products
China Green (Baicheng) Beverages Development Limited (Note (iii))	The PRC	RMB 20,000,000	100%	–	100%	Processing and sales of beverage products

Notes:

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

(ii) These entities were established in the PRC in the form of 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.

21. INVENTORIES

The Group

Inventories represent the following:

	Notes	2014 RMB'000	2013 RMB'000
Raw materials	(i)	**9,436**	15,113
Agricultural materials	(ii)	**3,730**	11,969
Consumable and packing materials	(iii)	**19,698**	22,182
Work-in-progress	(iv)	**–**	13
Finished goods		**19,043**	12,315
		51,907	61,592

Notes:

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

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

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

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

22. BIOLOGICAL ASSETS

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

	2014 RMB'000	2013 RMB'000
At 1 May	**40,893**	121,163
Gain arising from changes in fair value less costs to sell	**18,224**	217,276
Increase due to plantation	**222,229**	220,280
Decrease due to harvest	**(268,079)**	(517,826)
At 30 April	**13,267**	40,893

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

	2014 RMB'000	2013 RMB'000
Vegetables	**13,267**	24,444
Fruit	**–**	16,449
	13,267	40,893

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

	2014 RMB'000	2013 RMB'000
At fair value less costs to sell	**13,267**	40,893

Vegetables and fruit were stated at fair value less costs to sell as at 30 April 2014 and 2013. 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.

22. 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:

	2014		2013	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable and rice	**155,262**	**217,054**	270,912	502,684
Fish	**4,632**	**44,810**	–	–
Fruit	**3,077**	**6,215**	9,319	15,142
	162,971	**268,079**	280,231	517,826

The Qualification of Valuer

The Group's biological assets were valued by independent professional valuer as at 30 April 2014 (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*.

22. BIOLOGICAL ASSETS (continued)

Valuation methodology of Biological Assets (continued)

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 11.50%.

Valuation Assumptions

- The projected producer selling price is approximately 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.

23. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due from subsidiaries	**–**	–	**1,771,418**	1,792,097
Trade receivables	**47,030**	46,528	**–**	–
Other receivables (Note i)	**109,080**	1,346	**–**	–
Loans and receivables	**156,110**	47,874	**1,771,418**	1,792,097
Rental and other deposits	**496**	840	**401**	405
Interest in leasehold land held for own use under operating leases	**5,640**	5,882	**–**	–
Prepayments				
– to suppliers	**6,595**	20,552	**–**	–
– to others	**4,098**	11,131	**–**	6,083
Value added tax recoverable	**4,008**	4,050	**–**	–
	176,947	90,329	**1,771,819**	1,798,585

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 RMB427,000 (2013: approximately RMB3,100,000) is due from the Group's largest customer. There were no customers who represent more than 5% of the total balance of trade receivables for the year (2013: approximately RMB2,900,000 and RMB2,700,000 respectively).

Note i:

The other receivables mainly consist of the consideration, net of tax, receivable from disposal of a subsidiary of approximately RMB99,632,000 (2013: Nil).

23. 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	
	2014	2013
	RMB'000	RMB'000
Within 1 month	**33,054**	25,868
Over 1 month but within 3 months	**13,976**	20,660
	47,030	46,528

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	
	2014	2013
	RMB'000	RMB'000
Over 1 month but within 3 months	**13,976**	20,660

24. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rate ranging from 0.75%to 4.25% (2013: Nil) per annum. Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 30 April 2014, approximately RMB274,750,000 (2013: Nil) bank deposits were pledged for long term bank borrowings with maturity over one year.

25. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group

	2014 RMB'000	2013 RMB'000
Cash at bank	**294,624**	422,362
Cash on hand	**218**	270
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**294,842**	422,632

The Company

	2014 RMB'000	2013 RMB'000
Cash at bank	**7,192**	52,433
Cash and cash equivalents in the statement of financial position	**7,192**	52,433

Included in the cash and bank balances at the ended of the reporting period were amounts of approximately RMB283,687,000 (2013: approximately RMB365,586,000) which not freely convertible into other currencies.

25. CASH AND CASH EQUIVALENTS (continued)

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

	The Group	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
(Loss)/profit before taxation	**(392,403)**	177,716
Adjustments for:		
Amortisation of interests in leasehold land held for own use under operating leases	**6,305**	5,576
Amortisation of long-term prepaid rentals	**120,468**	102,543
Depreciation of property, plant and equipment	**210,340**	226,468
Net loss arising from changes in fair value of other financial liabilities	**21,849**	–
Loss on disposal of property, plant and equipment	**21,609**	28
Loss on disposal of a subsidiary	**50,338**	–
Loss/(gain) on changes in fair values less costs to sell biological assets	**7,952**	(23,455)
Impairment loss recognised on property, plant and equipment	**150,310**	–
Impairment loss recognised on long-term prepaid rentals	**66,966**	–
Impairment loss recognised on interests in leasehold land held for own use under operating leases	**27,188**	–
Interest income	**(9,670)**	(6,138)
Interest expenses	**149,442**	101,770
Gain on redemption of convertible bonds	**(1,056)**	–
	429,638	584,508
Changes in working capital:		
Decrease/(increase) in inventories	**9,685**	(14,507)
Decrease in biological assets	**19,674**	103,725
Decrease/(increase) in trade and other receivables	**20,758**	(30,434)
Decrease in amount due to a director	**–**	(60)
Increase/(decrease) in trade and other payables	**81,742**	(38,900)
Cash generated from operations	**561,497**	604,332

25. CASH AND CASH EQUIVALENTS (continued)

(c) Non-cash transactions:

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

1. 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. For details, please refer to Note 31.

2. In the current year, the addition of property, plant and equipment and interests in leasehold land held for own use under operating leases of approximately RMB3,200,000 and RMB39,667,000 respectively (2013: RMB43,994,000) which has been paid in previous year and accounted in deposits paid for acquisition of fixed assets.

3. In the current year, the Group disposed of its interest in Zhonglu (Shanghai) Industry Investment Limited. Sales proceeds, net of tax, of approximately RMB 99.6 million have not been received in cash at the end of the reporting period. For details, please refer to Note 34.

26. DUE TO A DIRECTOR/A SHAREHOLDER

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

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amount due to a subsidiary	**–**	–	**72,493**	54,698
Trade payables	**41,550**	32,769	**–**	–
Accrued salaries and wages	**8,308**	8,202	**–**	–
Payable for acquisition of fixed assets	**–**	1,126	**–**	–
Other accruals and payables (note)	**126,008**	40,927	**28,779**	8,317
Financial liabilities measured at amortisation cost	**175,866**	83,024	**101,272**	63,015
Receipts in advance	**4,802**	3,804	**–**	–
Other taxes payable	**10,972**	10,028	**–**	–
	191,640	96,856	**101,272**	63,015

Note:

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).

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

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 month	**41,550**	32,769

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	The Group	
	2014	2013
	RMB'000	RMB'000
At 1 May	**23,613**	30,110
Provision for the PRC Enterprise Income Tax for the year (Note 7(a))	**83,043**	101,813
Tax paid during the year	**(81,149)**	(108,310)
At 30 April	**25,507**	23,613

(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 2012	70,876	5,214	76,090
Exchange realignment	13	–	13
Credited to profit or loss (Note 7(a))	(13)	(5,214)	(5,227)
At 30 April 2013 and 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	70,638	15,551	86,189

28. 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 2012	5,214
Credited to profit or loss	(5,214)
At 30 April 2013 and 1 May 2013	–
Recognised directly in equity	16,309
Exchange realignment	(11)
Credited to profit or loss	(747)
At 30 April 2014	15,551

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 2014, deferred tax liabilities of approximately RMB70,638,000 (2013: RMB70,876,000) have been recognised in respect of the withholding tax that would be payable on the distribution of the retained profits of the Company's PRC subsidiaries. Deferred tax liabilities of approximately RMB243,089,000 (2013: RMB193,078,000) have not been recognised, as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Company's PRC subsidiaries for the year from 1 January 2008 to 30 April 2014 will not be distributed in the foreseeable future.

There were no other material unprovided deferred tax liabilities as at 30 April 2014.

(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 approximately RMB248,819,000 (2013: RMB115,303,000) 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.

29. BORROWINGS

The Group

	2014 RMB'000	2013 RMB'000
Bank loans	**711,786**	–
Loan from other entities	**67,523**	–
	779,309	–
Secured	**711,786**	–
Unsecured	**67,523**	–
	779,309	–
– Within one year	**246,571**	–
– More than one year, but not exceeding two years	**108,296**	–
– More than two years, but not more than five years	**424,442**	–
	779,309	–
Less: Amounts shown under current liabilities	**(246,571)**	–
	532,738	–

29. BORROWINGS (continued)

The Company

	2014 RMB'000	2013 RMB'000
Bank loans	**379,490**	–
Loan from other entities	**67,523**	–
	447,013	–
Secured	**379,490**	–
Unsecured	**67,523**	–
	447,013	–
– Within one year	**166,571**	–
– More than one year, but not exceeding two years	**–**	–
– More than two years, but not more than five years	**280,442**	–
	447,013	–
Less: Amounts shown under current liabilities	**(166,571)**	–
	280,442	–

Notes:

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

	2014	2013
Effective interest rate:		
Fixed-rate borrowings	**5% to 10%**	–
Variable-rate borrowings	**7.2% to 8.65%**	–

(b) As at 30 April 2014, bank deposits amounting to approximately RMB388.8 million (2013: Nil) had been pledged to secure the Group's bank loans and banking facilities in relation to letter of credit. In addition, certain property, plant and equipment with book value amounting to approximately RMB443.8 million had been pledged to secure the Group's bank loans for the purpose of working capital.

30. OTHER FINANCIAL LIABILITIES

The Group and the Company

Option

	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	**21,902**

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 view to extending the term for additional 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.

The total outstanding shares of the Company as at 4 September 2013 and 30 April 2014 (the Valuation Dates) were approximately 884.04 million shares and 1,060.84 million shares respectively. The Option was granted by the Company on 4 September 2013, and represents approximately 25.63% and 21.36% 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 can 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.

30. OTHER FINANCIAL LIABILITIES (continued)

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 6.35 years.

31. CONVERTIBLE BONDS

The Group and the Company

The convertible bonds 2013 were matured on 12 April 2013 so as to cause the bonds to become immediately due and payable.

On 1 May 2013, the Company issued a consent solicitation memorandum (the "Consent Solicitation Memorandum") which contemplated, among other things, the payment of an agreed cash payment (the "Cash Payment") and the issue of two tranches of 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.

31. CONVERTIBLE BONDS (continued)

The Group and the Company (continued)

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, subject to the receipt by the bondholders in respect of each RMB100,000 in principal amount of the convertible bonds:

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 2014	RMB515,280,000 in USD settlement	RMB394,923,474 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 (adjusted after 28 March 2014 to HK$1.29)	HK$11.244 (adjusted after 28 March 2014 to HK$10.89)
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

31. CONVERTIBLE BONDS (continued)

The convertible bonds recognised in the statement of financial position were 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, net of transaction cost	509,480	509,480	1,018,960
Liability component at 13 November 2013 (Date of issued)	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**

The imputed interest expenses on the convertible bonds at 7% and 10% are calculated using effective interest method by using the effective interest rates of 12.82% and 12.06% respectively. The valuation of Convertible Bonds 2016 was performed by an independent qualified professional valuer of the Company.

Analysis of long-term convertible bonds is as follows:

	2014 **RMB'000**	2013 RMB'000
Non-current portion	**669,628**	–
Current portion	**178,701**	1,370,487
Carrying amount at 30 April	**848,329**	1,370,487

32. 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	Convertible bonds reserve RMB'000	Exchange reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 May 2012	92,236	702,532	294,402	25,586	46,108	(272,544)	(129,247)	759,073
Exchange differences on translation into presentation currency	–	–	–	–	–	(4,358)	–	(4,358)
Loss for the year	–	–	–	–	–	–	(119,103)	(119,103)
Total comprehensive loss for the year	–	–	–	–	–	(4,358)	(119,103)	(123,461)
Transfer to accumulated loss upon lapse of share options	–	–	–	(444)	–	–	444	–
At 30 April 2013 and 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	–	–	–	–	(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	106,277	768,899	294,402	–	45,164	(284,747)	(372,401)	557,594

32. CAPITAL AND RESERVES (continued)

(b) Share Capital

(i) Authorised and issued share capital

	Number of Ordinary Shares of HK$0.10 each	Nominal value	RMB equivalent
	'000	HK$'000	RMB'000
Authorised:			
At 1 May 2012, 30 April 2013, 1 May 2013 and 30 April 2014	2,000,000	200,000	212,000
Issued and fully paid:			
At 1 May 2012, 30 April 2013 and 1 May 2013	884,035	88,404	92,236
Issues of shares *(Note 1)*	176,805	17,680	14,041
At 30 April 2014	1,060,840	106,084	106,277

Notes:

(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.

(2) 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.

32. CAPITAL AND RESERVES (continued)

(b) Share Capital (continued)

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

Exercised period	Exercise price	2014 Number of share options	2013 Number of share options
19 April 2007 to 11 December 2013	HK$3.50	–	2,412,000
30 May 2008 to 11 December 2013	HK$7.29	–	8,400,000
		–	10,812,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 33 to the consolidated financial statements.

(c) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 of the Bermuda Companies Act 1981. The share premium account of the Company is distributable to the 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.

32. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(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.

(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.

32. CAPITAL AND RESERVES (continued)

(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 2014, the reserves of the Company were not available for distribution (2013: Nil). In addition, the Company's share premium account, in the amount of approximately RMB768,899,000 at 30 April 2014 (2013: RMB702,532,000), may be distributed in the form of fully paid bonus shares.

(e) Capital management

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

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

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 2014, 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.

32. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

The net debt-to-equity ratio at 30 April 2014 and 2013 was as follows:

		The Group		The Company	
	Notes	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Trade and other payables	27	**191,640**	96,856	**101,272**	63,015
Due to a director	26	**7,995**	8,088	**7,995**	8,088
Due to a shareholder	26	**2,815**	–	**2,815**	–
Borrowings	29	**779,309**	–	**447,013**	–
Convertible bonds	31	**848,329**	1,370,487	**848,329**	1,370,487
Total debt		**1,830,088**	1,475,431	**1,407,424**	1,441,590
Less: Cash and cash equivalents	25	**(294,842)**	(422,632)	**(7,192)**	(52,433)
Net debt		**1,535,246**	1,052,799	**1,400,232**	1,389,157
Total equity	32	**3,581,841**	3,914,212	**557,593**	635,612
Adjusted net debt-to-equity ratio		**43%**	27%	**251%**	219%

The adjusted net debt-to-equity ratio of the Company was over 100% as at 30 April 2014 and 2013. 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.

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 18 October 2013, the shareholders of the Company approved the adoption of a new share option scheme and terminated the share option scheme adopted on 12 December 2003 (the "Old Scheme"). Upon the termination of the Old Scheme, no further share options will be offered under the Old Scheme. However, the share option granted prior to such termination shall continue to be valid and exercisable in accordance with the Old Scheme. Under the Old Scheme, the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at the consideration of HK$1.00 to subscribe for ordinary shares of the Company.

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

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

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

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

	2014		2013	
	Weighted average exercise price	**Number of options '000**	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	**HK$6.44**	**10,812**	HK$6.29	11,403
Lapsed during the year	**HK$6.44**	**(10,812)**	HK$3.50	(591)
Outstanding at the end of the year	**HK$–**	**–**	HK$6.44	10,812
Exercisable at the end of the year	**HK$–**	**–**	HK$6.44	10,812

No options were outstanding at 30 April 2014 (30 April 2013: The outstanding options had an exercise price of HK$3.50 or HK$7.29 and a weighted average remaining contractual life of 0.62 years). During the year ended 30 April 2014, no options were granted under the New Scheme.

(c) Fair value of share options and assumptions

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

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

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

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

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

34. LOSS ON DISPOSAL OF A SUBSIDIARY

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.

	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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group

	2014 RMB'000	2013 RMB'000
Financial assets		
Loan and receivables (including cash and bank balance)		
– Trade and other receivables	**156,606**	47,874
– Pledged bank deposits	**388,796**	–
– Bank deposits within maturity over 3 months	**–**	18,119
– Cash and cash equivalents	**294,842**	422,632
	840,244	488,625
Financial liabilities		
Amortised costs		
– Trade and other payables	**175,866**	83,023
– Amount due to a director	**7,995**	8,088
– Amount due to a shareholder	**2,815**	–
– Convertible bonds	**848,329**	1,370,487
– Borrowings	**779,309**	–
	1,814,314	1,461,598

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company

	2014 RMB'000	2013 RMB'000
Financial assets		
Loan and receivables (including cash and bank balance)		
– Other receivables	**1,771,819**	1,798,585
– Cash and cash equivalents	**7,192**	52,433
	1,779,011	1,851,018
Financial liabilities		
Amortised costs		
– Other payables	**101,272**	63,015
– Amount due to a director	**7,995**	8,088
– Amount due to a shareholder	**2,815**	–
– Convertible bonds	**848,329**	1,370,487
– Borrowings	**447,013**	–
	1,407,424	1,441,590

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.

35. 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, 0.3% (2013: 6.6%) and 1.0% (2013: 26.7%) 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 23.

35. 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

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	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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The Group (continued)

2013

	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	–	8,088	8,088	8,088	–	–
Trade and other payables	–	83,024	83,024	83,024	–	–
Convertible bonds	7.8%	1,370,487	1,370,487	1,370,487	–	–
		1,461,599	1,461,599	1,461,599	–	–

The Company

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**

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The Company (continued)

2013

	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	–	8,088	8,088	8,088	–	–
Other payables	–	63,015	63,015	63,015	–	–
Convertible bonds	7.8%	1,370,487	1,370,487	1,370,487	–	–
		1,441,590	1,441,590	1,441,590	–	–

(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 borrowings and convertible bonds are disclosed in notes 29 and 31 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 2014, 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

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 2014 would decrease/increase by approximately RMB2,359,000 (2013:N/A).

(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.

35. 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

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

The Company

	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

	2013 (expressed in RMB)	
	RMB	USD
	’000	’000
Cash and cash equivalents	–	49,883
Due from the subsidiaries	704,365	–
Convertible bonds	(1,370,487)	–
Overall net exposure	(666,122)	49,883

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

During the year ended 30 April 2014, 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 RMB41,613,000 (2013: RMB65,000,000). 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 2013.

36. 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).

36. FAIR VALUE MEASUREMENT (continued)

The Group

2014

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

2013

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Vegetables	–	24,444	–	24,444
Fruit	–	16,449	–	16,449
	–	40,893	–	40,893

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.

Prevailing market data

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 1,400 mu of sweet corn – planted 4,500 mu of wheat – planted 2,000 mu of lotus root – planted 1,200 mu of rice – planted 500 mu of chili – planted 450 mu of watermelon	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) – The unit market value of the share as at 30 April 2014 (HK$0.49)	the share price increase, the unit market value of the option increase, and vice versa

37. COMMITMENTS

The Group as lessee

(a) Capital commitments

Capital commitments of the Group at 30 April 2014 not provided for in the financial statements were as follows:

	2014 RMB'000	2013 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**354,526**	431,103

(b) Operating lease commitments

At 30 April 2014, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2014 RMB'000	2013 RMB'000
The Group		
Within one year	**79,096**	39,775
After one year but within five years	**107,500**	550,925
After five years	**1,672,000**	1,772,000
Total	**1,858,596**	2,362,700
The Company		
Within one year	**596**	1,608
After one year but within five years	**–**	594
Total	**596**	2,202

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.

37. COMMITMENTS (continued)

The Group as lessor

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

	2014 RMB'000	2013 RMB'000
Within one year	**1,000**	1,200
After one year but within five years	**4,000**	1,030
Total	**5,000**	2,230

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	**6,271**	5,219
Post-employment benefits	**53**	52
	6,324	5,271

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

(b) Transactions with related parties

Amount due to a director and a shareholder as disclosed in Note 26.

39. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Note 36 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.

39. 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.

40. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 June 2014, the parties to the master framework and subscription agreement dated 4 September 2013 ("Master Framework and Subscription Agreement") and Tsinghua Redbud Holding Ltd. (紫荊控股有限公司) ("Tsinghua Redbud") entered into a novation agreement (the "Novation Agreement"), pursuant to which all the rights, benefits and obligations under the Master Framework and Subscription Agreement including the loan granted by Tsinghua Redbud (as duly authorized nominee of PKU V-Ming Investment) through an entrusted PRC bank were novated by PKU V-Ming Investment to Tsinghua Redbud upon the signing of the Novation Agreement, details of which were set out in the announcement of the Company dated 20 June 2014.

40. EVENTS AFTER THE REPORTING PERIOD (continued)

(b) On 27 March 2014, the Company and Oriental Unicorn Agricultural Group Limited ("OUA" and together with its subsidiaries, the "OUA Group") entered into a memorandum of understanding (which was supplemented by an extension letter dated 27 June 2014) in relation to the possible cooperation between the Group and OUA Group. Details of which were set out in the joint announcements made by OUA and the Company on 27 March 2014 and 27 June 2014.

(c) On 30 June 2014, the Company passed an ordinary resolution to increase its authorized 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 shares of the Company and such shares shall rank pari passu with all existing shares of the Company upon issue.

(d) The special resolution regarding the change of the English name of the Company from "China Green (Holdings) Limited" to "China Culiangwang Beverages Holdings Limited" and the adoption of "中國粗糧王飲品控股有限公司" as the secondary name of the Company in Chinese was duly passed by the shareholders of the Company at the special general meeting of the Company held on 30 June 2014. Both the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 4 July 2014.

As at the date of this report, the Company is still carrying out necessary filing procedures with the Companies Registry in Hong Kong. Further announcement(s) will be made by the Company to inform the shareholders of the Company of the effective date of the change of company name, the new English stock short name and the new Chinese stock short name of the Company for trading of the shares of the Company on the Stock Exchange as and when appropriate.

41. PLEDGED OF ASSETS

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

	2014 **RMB'000**	2013 RMB'000
Interests in leasehold land held for own use under operating leases (Note 16)	**121,395**	–
Property, plant and equipment (Note 15)	**322,378**	–
Bank deposits (Note 24)	**388,796**	–
Total	**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.

42. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 July 2014.

FINANCIAL SUMMARY

For the year ended 30 April

	For the year ended 30 April				
	2010	2011	2012	2013	**2014**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Turnover	1,900,784	2,234,620	2,548,150	2,184,097	**2,093,738**
Gross profit	1,000,374	1,119,353	1,133,119	733,298	**600,104**
Profit/(loss) before taxation	691,120	595,625	696,746	177,716	**(392,403)**
Profit/(loss) attributable to owners	575,996	458,802	520,262	81,130	**(474,699)**
Non-current assets	2,101,549	2,827,194	3,405,426	4,727,775	**4,774,141**
Current assets	3,248,111	2,039,798	1,984,630	756,357	**771,386**
Current liabilities	(966,625)	(135,728)	(1,482,440)	(1,499,044)	**(675,131)**
Non-current liabilities	(1,312,611)	(1,382,446)	(76,090)	(70,876)	**(1,288,555)**
Shareholders' equity	3,070,424	3,348,818	3,831,526	3,914,212	**3,581,841**
Basic earnings/(loss) per share (RMB)	0.652	0.519	0.589	0.092	**(0.527)**