CHINA GREEN (HOLDINGS) LIMITED
中國綠色食品(控股)有限公司

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

Annual Report 2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Sun Shao Feng
(Chairman and Chief Executive Officer)
Mr. Wang Jinhuo

Independent Non-Executive Directors:

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

COMPANY SECRETARY

Ms. Chan Pui Shan, Bessie

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Shearman & Sterling

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1106-08, 11th Floor
The Chinese Bank Building
61-65 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

904

INVESTOR RELATIONS CONTACT

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WEBSITE

http://www.chinagreen.com.hk

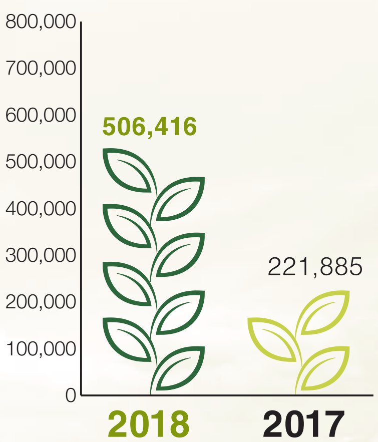
FINANCIAL HIGHLIGHTS

(RMB'000)	**2018**	2017
Turnover	**506,416**	221,885
– Fresh produce and processed products	**476,168**	207,712
– Branded food products and others	**30,248**	14,173
Gross profit/(loss)	**67,243**	(80,619)
Gross profit/(loss) margin	**13.3%**	(36.3%)
Loss for the year attributable to owners of the Company	**(541,195)**	(1,146,816)
Basic loss per share (RMB cents)	**(7.80)**	(21.56)

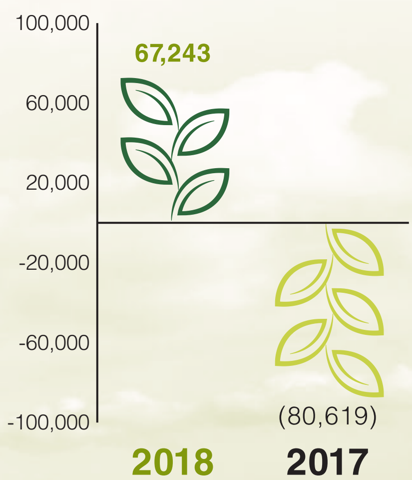
Key Financial Ratios

	2018	2017
Current Ratio	**1.57 times**	2.15 times
Gearing Ratio	**23.6%**	32.5%

TURNOVER
(RMB'000)



GROSS PROFIT
(RMB'000)



CHAIRMAN'S STATEMENT

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

Creating a Healthier China

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Green (Holdings) Limited ("China Green" or the "Company"), I am pleased to present you with the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2018 (the "FY2017/18").

After the large-scale business restructuring in the previous financial years, the Group was basically in the phase of consolidation and preparation for future development in the current financial year. The Group has shifted its business focus back to business with competitive advantages, which includes green agricultural plantation, multi-grain products processing, and development, production and sale of branded food, including prepared frozen and leisure food.

Compared with the year ended 30 April 2017 (the "FY2016/17"), the Group's total revenue for the year recorded an increase of 128.2% to RMB506,416,000, while in terms of gross profit, the performance recorded a turnaround and a profit of RMB67,243,000. The segmental revenue of sale of fresh produce and processed products increased by 129.2% to approximately RMB476,168,000 during the year. With the plantation bases in Baicheng expanded from 120,000 mu at the end of last financial year to 144,000 mu at the end of this financial year, the supply from this segment increased accordingly. For branded food products and others, its segmental revenue increased by 113.4% to approximately RMB30,248,000. The development of the Group's "Garden Life" (田園生活) brand and "China Green Imperial Delicacy" (中綠御膳良品) brand both achieved relatively mature and stable results. For branded foods, the Group launched various new products in the year, such as quinoa nuts steamed bread, cranberry nuts steamed bread, brown sugar steamed bread, fried dumplings, onion pancakes, prepared frozen crayfish, etc.

Although there has been no significant change in the nature of the Group's major activities during the year, the Group still faces significant challenges in its operations. However, the Group will continue to adhere to the principle of emphasizing food quality and safety, strive to develop its core businesses, expand its in-house brands and actively explore new business growth potential so as to achieve a significant breakthrough in the future.

On behalf of the Board, I hereby express my sincere gratitude to all shareholders, investors, customers and business partners for their long-term support and trust and patience offered to the Group. I would also like to thank all the staff of the Group for their dedication and concerted efforts. In the future, the Group will continue its effort to improve its production, sales and management, and return your support with solid business progress.

Sun Shao Feng
Chairman of the Board

27 July 2018

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Results Overview

For the year ended 30 April 2018, the Group was principally engaged in two business segments, namely (i) fresh produce and processed products and (ii) branded food products and others. The breakdown of their revenue was as follows:

	Year ended 30 April	
	2018	2017
	RMB'000	RMB'000
Revenue by products		
Fresh produce and processed products	**476,168**	207,712
Branded food products and others	**30,248**	14,173
Total	**506,416**	221,885

Fresh produce and processed products

Fresh produce and processed products primarily consisted of fresh vegetables such as sweet corns, lotus roots, radish, cucumbers, watermelons and tomatoes as well as multi-grains such as red beans, green beans and peanuts. During the year, revenue from this segment amounted to approximately RMB476,168,000 (FY2016/17: approximately RMB207,712,000), which rose by 129.2% compared with that of last financial year. In this year, both production and supply of fresh produce increased as the cultivation area of existing farmland in Baicheng City increased from 120,000 mu as at 30 April 2017 to 144,000 mu as at 30 April 2018. At the same time, both quantity and quality of the products such as green beans, red beans and peanuts from Baicheng farmlands were slightly improved this year because of better climate and soil conditions, resulting in higher average selling prices of the products in FY2017/18. In addition to the supply agreement entered into between the Group and Xiamen Culiangwang (as defined below) dated 23 March 2016 for a term of five years, the Group also entered into supply contracts and agreements with certain famous domestic food manufacturers for the provision of raw materials of multi-grain products during FY2017/18 in order to diversify the customers base and stabilize the demand of fresh produce and processed products.

Multi-Grain Farmland – Baicheng City

As a major cultivation and production base of the Group, the cultivation area of farmland in Baicheng City increased from 120,000 mu as at 30 April 2017 to 144,000 mu as at 30 April 2018. The plan for the remaining 56,000 mu of cultivation area in the future will depend on market demand and cost effectiveness. At the same time, the Group will explore new models of agriculture and smart agriculture and combine the latest agricultural technology with the solid traditional agricultural technology to maximize output. The Group will also continue to rationally allocate resources to improve the production capacity and infrastructure of the existing farmland, adjust the product structure in response to demand and explore various cooperative business models to increase revenue in this business segment.

Branded food products and others

Branded food products and others mainly include rice sold under the Group's own brand, various food products under the Group's "Garden Life" (田園生活) brand and "China Green Imperial Delicacy" (中綠御膳良品) brand. During the year, revenue from this segment was approximately RMB30,248,000 (FY2016/17: approximately RMB14,173,000), which rose by 113.4% compared with that of last financial year due to the expansion of sales channels and increasing recognition of the Group's branded food products by the market.

Under the "Garden Life" brand, there is a whole-process green ingredient supply chain that embraces research and development, cultivation, production, processing and sales of agricultural products for the Group. The "Garden Life" brand comprises six product lines, covering grain products, fruits and vegetables, dried food, dried fruits, meat products and imports collections, which provide diverse and quality agricultural products to domestic supermarkets, hotels, catering enterprises, food processing enterprises and other enterprises and institutions. Through the "Internet + Agriculture" model, it provides direct supply services of green agricultural products for category customization, fixed-point distribution and cold chain home delivery. Besides existing partners such as Xiamen Air Group, Dali Foods Group Company, Yinlu Group (銀鷺集團), Zaolong Food (早龍食品), Sihai Hefeng (四海禾豐) and Xiamen Culiangwang, the Group is actively expanding sales channel, striving to build the "Garden Life" brand to a leading green ingredient supply chain brand in the People's Republic of China (the "PRC").

MANAGEMENT DISCUSSION AND ANALYSIS

The "China Green Imperial Delicacy" brand is a fast moving catering food brand that encompasses the elements of green, tastiness and nutrition. The brand mainly consists of six series, namely staple food, concocted food, soup, authentic delicacies, starters and desserts, which introduces a healthy, quick and delicious diet to consumers. Products under the brand were sold at large shopping malls and supermarkets such as Wal-Marts, METRO, Vanguard and Yonghui in Central China and Southeast regions. At the same time, the Group also closely monitors the market trend and develops new products targeting at various sales channels in order to enhance its competitiveness in the fast moving food market. For example, the Group has launched a series of new products, such as quinoa nuts steamed bread, cranberry nuts steamed bread, brown sugar steamed bread, fried dumplings, onion pancakes, prepared frozen crayfish, etc., via the online sales channel "中綠生活館" to tap into the Chinese e-Commerce market whilst effectively controlling sales and distribution expenses. The Group also regularly adjusts product mix according to market sales.

Gross profit (loss) and gross profit (loss) margin

During the year, the Group recorded a gross profit and gross profit margin of approximately RMB67,243,000 and 13.3% (FY2016/17: gross loss and gross loss margin of approximately RMB80,619,000 and 36.3%). Since the cultivation area of farmland in Baicheng City increased by 24,000 mu during FY2017/18, the production and turnover were driven up as a result of the economies of scale resulting from the expansion. As the Company began the first and second phases of total 120,000 mu farmland production in the past two financial years, there was less requirement for the inputs for the early developments (such as wages and salaries and other farming-related expenses) in FY2017/18 leading to lower cost of production.

Other revenue

Other revenue decreased from approximately RMB23,940,000 in FY2016/17 to approximately RMB6,995,000 in FY2017/18, mainly attributable to the decrease in bank interest income amounted to approximately RMB17,544,000.

Other gains and losses

During the year, the Group recorded net gains on other gains and losses of approximately RMB77,543,000 (FY2016/17: net gains of approximately RMB31,699,000). The net gains consisted of (i) gain on final settlement of approximately RMB72,058,000 on the disposal of a subsidiary related to beverage business operations; (ii) gain on fair value change in derivative financial liabilities of approximately RMB5,046,000; (iii) impairment loss recognised on available-for-sale financial assets of approximately RMB988,000; (iv) net gain on disposal of available-for-sale financial assets of approximately RMB1,755,000; (v) net exchange gain of approximately RMB272,000 mainly arising from overseas purchasing during day-to-day operation; (vi) gain on disposal of a subsidiary of approximately RMB2,000; (vii) net loss on financial assets at fair value through profit or loss of approximately RMB596,000; and (viii) loss on written off inventories of approximately RMB6,000.

Gain on final settlement on disposal of a subsidiary related to beverage business operations

The gain was arisen from the final settlement of the disposal of branded beverage business. Pursuant to the amended and restated equity transfer agreement ("Amended and Restated Equity Transfer Agreement") dated 28 February 2016 entered into between, among others, the Company, 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd.*) (the "Seller") and 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) (the "Purchaser") relating to the disposal of 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd.*) ("Xiamen Culiangwang") ("Disposal"), US$150 million was held in escrow on the date of completion of the Disposal (i.e. 23 March 2016) until the satisfaction of certain conditions stipulated in the Amended and Restated Equity Transfer Agreement. On 9 August 2017, the Company with among other, the Purchaser and the Seller entered into a settlement agreement (the "Settlement Agreement") for the full and final settlement of outstanding payment amount due from each party under the Disposal, including the release of the US$150 million held in escrow account. Pursuant to the terms of the Settlement Agreement, the Group was entitled to receive US$10,000,000 with all accrued interest (equivalent to approximately RMB65,341,000) from the escrow account and the sum of RMB63,933,926 representing net amount of VAT input credit reimbursed by the Purchaser to the Seller less amount payable by the Seller to the Purchaser according to the Amended and Restated Equity Transfer Agreement. For details of the Amended and Restated Equity Transfer Agreement and the Settlement Agreement, please refer to the Company's announcements dated 29 February 2016, 23 March 2016, 26 March 2017 and 9 August 2017 and the Company's circular dated 7 March 2016.

As a result, the Group recorded gain amounting to approximately RMB72,058,000, which represented the difference between (i) the payment under the Settlement Agreement of approximately RMB129,275,000; and (ii) the other receivables amounting to approximately RMB112,911,000 netting-off the other payables amounting to approximately RMB55,694,000 related to the Disposal recognised as at 30 April 2016.

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

There was a gain from changes in fair value less costs to sell of biological assets of approximately RMB3,239,000 as compared with a gain of approximately RMB3,157,000 in FY2016/17. Such increase was mainly due to the increase in biological assets placed by the Group during FY2017/18.

* *For identification purpose only*

Impairment losses on property, plant and equipment and long-term prepaid rentals

During the year, the Group recognised impairment loss on property, plant and equipment of approximately RMB108,483,000 (FY2016/17: approximately RMB519,304,000) and impairment loss on long-term prepaid rentals of approximately RMB92,380,000 (FY2016/17: approximately RMB204,454,000).

The reduction in the impairment losses was mainly attributable to the improvement of production in the multi-grain farmland in Baicheng City, Jilin Province. Since the continuing loss in the financial performance of the Group's fresh produce and processed products segment, an impairment loss is continuously recorded in this financial year. As those losses as mentioned above are non-cash in nature, they have no significant impact on the cashflow of the Group for FY2017/18.

Operating Expenses

Total operating expenses increased to approximately RMB394,138,000 this financial year (FY2016/17: approximately RMB309,360,000). Selling and distribution expenses were approximately RMB23,860,000 (FY2016/17: approximately RMB33,182,000), representing a decrease of 28.1%. The "Garden Life" brand and the "China Green Imperial Delicacy" brand were firstly created in 2016, and more selling and distribution expenses were incurred in the past in order to bring these new brands to the market. During the year, with these two brands getting more recognition in the market, lower selling and distribution expenses were incurred. General and administrative expenses were approximately RMB370,278,000 (FY2016/17: approximately RMB276,178,000), representing an increase of 34.1%, due to the recognition of repair and maintenance expense and research and development expense in relation to new brand and products development.

Impairment loss on investment in an associate and share of loss of an associate

During the year, the Group recognised impairment loss on investment in an associate of approximately RMB21.8 million (FY2016/17: nil) and share of loss of an associate of approximately RMB5.0 million (FY2016/17: nil).

To diversify its business, the Group subscribed for approximately 36.00% of the enlarged issued capital of GFC Holdings Limited ("GFC") at the consideration of HK$36,000,000 (equivalent to approximately RMB30,611,000) during the year. GFC has become an associate of the Group upon completion of such subscription in July 2017. GFC and its subsidiaries have accumulated about eight years of experience in the provision of food catering services, and operates restaurants, cafes and take-away outlets in Hong Kong, covering Hong Kong Island, Kowloon and the New Territories.

The impairment losses and the share of loss for the year were mainly attributable to the operation of GFC fallen short of expectations. The severe competition and downward economic environment of food industry in Hong Kong also adversely affected the performance during the year. Since the impairment loss is non-cash in nature, it has no significant impact on the cash flow of the Group for FY2017/18.

The impairment loss on investment in an associate is supported by valuation report prepared by independent valuer. The recoverable amount of the investment in an associate is determined by reference to the income approach, discounted cash flow based on the financial projections prepared by the management of the associate covering a 5-year period, and the discount rate of approximately 12.46% (2017: N/A) that reflects current market assessment of the time value of money and the risks specific to the associate. Cash flows beyond 5-year period have been extrapolated using a steady 3% growth rate.

The key assumptions included in the discounted cash flows were as follows:

- For the business enterprise to continue as a going concern, the business enterprise will successfully carry out all necessary activities for the development of its business;

- The availability of finance will not be a constraint on the forecast growth of the business enterprise's operations in accordance with the business plans and the projections;

- Market trends and conditions where the business enterprise operates will not deviate significantly from the economic forecasts in general;

- The unaudited financial information of the business enterprise as supplied to us has been prepared in a manner which truly and accurately reflects the financial position of the business enterprise as at the respective balance sheet dates;

- Key management, competent personnel and technical staff will all be retained to support ongoing operations of the business enterprise;

- There will be no material changes in the business strategy of the business enterprise and its operating structure;

- Interest rates and exchange rates in the localities for the operation of the business enterprise 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 organization required to operate in the localities where the business enterprise 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 business enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the business enterprise.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss Attributable to Owners of the Company

During the year ended 30 April 2018, loss attributable to owners of the Company was approximately RMB541,195,000 (FY2016/17: approximately RMB1,146,816,000). The decrease was mainly due to (i) the increase in turnover, gross profit and gross profit margin; (ii) gain on final settlement on the Disposal; and (iii) decrease in impairment loss recognised on property, plant and equipment and long-term prepaid rental.

Securities Investments

During the year, the Group invested in securities of listed and non-listed companies. The Group recorded net loss on financial assets at fair value through profit or loss of approximately RMB596,000 (FY2016/17: approximately RMB4,389,000), and impairment loss recognised on available-for-sale financial assets of approximately RMB988,000 (FY2016/17: approximately RMB18,581,000), mainly as a result of the recent volatility of the Hong Kong securities market.

As at 30 April 2018, the total fair value of the investment portfolio held by the Group was approximately RMB8,384,000 (2017: approximately RMB36,329,000), and consisted of financial assets at fair value through profit or loss which are stated at fair value of nil as at 30 April 2018 (2017: approximately RMB5,475,000) and available-for-sale financial assets of RMB8,384,000 (2017: approximately RMB30,854,000). Available-for-sale financial assets were 102,880,000 shares in China Demeter Financial Investments Limited (stock code: 8120, the shares of which were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("CDFIL").

The Group will continue to explore the investment and cooperation opportunities and review its investment strategy from time to time to take appropriate actions whenever necessary in response to changes in the market situation.

OUTLOOK AND PROSPECTS

With its continuous effort to align with the vertically-integrated business model for the whole Group, the strength of the upstream agricultural segment will help the supply of raw materials for its branded multi-grain food segment which is believed to be the key driver for business improvement of the Group in the coming years. The Group has leased 200,000 mu of farmland in Baicheng City, Jilin Province, as plantation bases, of which 144,000 mu had already been used for cultivation of various multi-grain products. Depending on the product demand in the coming years, the Group will continue to develop the remaining 56,000 mu of the plantation bases in Baicheng City to achieve economies of scale in cultivation with an aim to lower cultivation costs. Apart from strengthening the past plantation model, the Group will strive to develop intelligent agriculture by combining new technologies of modern agricultural intelligence with the traditional technology.

Our clearly defined position using our multi-grains for our products enables the Group to explore, negotiate and expand its nation-wide distribution network for its business continuously. The Group will commit to building a whole-process green ingredient supply chain under the core brands, namely “Garden Life” and “China Green Imperial Delicacy”. To achieve a seamless integration of the whole industry chain “from the field to the table” and to promote overall industry upgrade, the Group will continue to develop a green agricultural industry chain through technological research, development and innovation, focusing on providing customers and related upstream and downstream enterprises with premium raw ingredients, promoting the diversified development of the multi-grain industry, and addressing public concerns as to household dietary safety, premium products supply in agricultural markets, and safe preparation of ingredients for restaurants. The Group will also adjust and upgrade the production process and equipment of its processing plants to complement the development of the “Garden Life” brand and the “China Green Imperial Delicacy” brand.

In terms of sales channel, with the advent of the “New Retail” concept, the Group has also strived to tap into the online sales platforms in addition to the continued expansion of offline sales channels. Currently, the Group’s products are available through e-commerce operators including T-mall flagship store, WeChat mall of China Green (中綠微商城 — 中綠生活館) and JD.com. On another front, to complement the development of the “Garden Life” brand and “China Green Imperial Delicacy” brand, the Group intends to develop “Kitchen Online” (廚房在線), an online kitchen interactive platform with green, safe, smart and professional features, following the full-fledged development of the “Garden Life” and “China Green Imperial Delicacy” brands, so as to provide customers with special products and services related to the kitchen system, and to broaden the customer base and boost the visibility of the products of the Group in full swing. Besides focusing on expanding its existing businesses, the Group will also leverage its almost 20 years of vast experience in the adoption of entirely green practice in cultivation and production to explore related potential projects, in order to grasp the business opportunities arising from agriculture and multi-grain industries, and to create long-term values with an aim to become an “entirely green food expert” with a leading position in the domestic market.

LITIGATION

HCA 2922/2017

On 19 December 2017, the Company received a writ of summons with a statement of claim issued in the Court of First Instance of the High Court of Hong Kong ("Court") by Convoy Global Holdings Limited ("Convoy Holdings"), Convoy Collateral Limited ("Convoy Collateral") and CSL Securities Limited ("Convoy Securities", together with Convoy Holdings and Convoy Collateral, collectively as the "Plaintiffs") against, among other defendants, the Company.

On 6 March 2018, the Plaintiffs obtained leave from the Court to amend their statement of claim, which amended version was received by the Company on 31 May 2018. The Plaintiffs alleged that Cho Kwai Chee Roy ("Roy Cho") (1st Defendant) and his associates on the board of the Plaintiffs' companies had improperly used their power to allot shares and to grant loans on a non-commercial basis to the detriment of the Plaintiffs. The Plaintiffs claimed that Roy Cho and his associates devised a scheme which involved a circular financing arrangement, whereby allegedly independent parties would subscribe for the shares of Convoy Holdings pursuant to share placement, but a significant portion of the proceeds raised from the placement would be immediately channeled back to these same allegedly independent parties through financing facilities granted by Convoy Collateral and Convoy Securities under the authorization of Roy Cho and his associates.

The Plaintiffs claimed that the unsecured loan for the principal loan amount of HK$190,000,000 granted by Convoy Collateral to the Company in November 2015 was a circular financing on the basis that it was connected to the subscription of 145,000,000 shares of Convoy Holdings for HK$50,750,000 by Capital Mate Limited, which has a disclosable interest in the Company, with sole shareholder being the Chairman and executive Director of the Company.

On that basis, the Plaintiffs claimed that the Company has (i) dishonestly assisted the breaches of fiduciary duties of Roy Cho and his associates; and (ii) wrongfully with the intent to injure the Plaintiffs by unlawful and lawful means conspired with Roy Cho and his associates. Convoy Holdings seeks against the Company an account of profits and an order for payment of any sums found to be due by reason of the Company's dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy in relation to the circular financing scheme. Convoy Collateral and Convoy Securities seek an order against the Company, as direct recipients of funds under the circular financing scheme, for an account of profits derived from the funds and order for payment of any sums found due by reason of the same.

In respect of the abovementioned action, it is the position of the Company that the Company was not involved in the alleged circular financing arrangement and that the loan of HK$190,000,000 from Convoy Collateral was lawfully and properly granted with reasonable terms. The Company has sought legal advice and will defend the claims vigorously.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively.

HCMP 2773/2017

On 2 January 2018, the Company received a petition issued in the Court by Ms. Zhu Xiao Yan (the "Petitioner") against, among other respondents, the Company. According to the petition, the Petitioner has held and continues to hold 3,234,000 shares in Convoy Holdings since around mid-2015. The Petitioner seeks, inter alia, the following orders against the Company (as one of the placees in a share placement of Convoy Holdings): (i) a declaration that the placement of 3,989,987,999 shares of Convoy Holdings in October 2015 and/or the shares so placed are void ab initio and of no legal effect or, alternatively, be set aside; (ii) damages for dilution of the Petitioner's shareholding; (iii) interests; (iv) such further or other relief and all necessary and consequential directions as the Court may think fit; and (v) costs.

The abovementioned petition proceedings have been stayed pending determination of HCA 2922/2017 upon the Petitioner's undertaking to forthwith apply to withdraw the petition and will not otherwise pursue the same allegations set out in the petition if the Plaintiffs in HCA 2922/2017 were unsuccessful after trial and any appeals.

For the details of the abovementioned petition, please refer to the Company's announcement dated 3 January 2018.

HCA 399/2018

On 14 February 2018, the Company received a writ of summons issued in the Court by Convoy Collateral as the sole plaintiff against, among other defendants, the Company.

The claims in this action rely on the same factual matrix pleaded by the Plaintiffs in HCA 2922/2017, and insofar as the Company is concerned, relates to the unsecured loan of HK$190,000,000 granted to the Company which Convoy Collateral claims to be part of the alleged circular financing arrangement.

Convoy Collateral's claim is that the Company has (i) dishonestly assisted the breaches of fiduciary duties of Roy Cho and his associates; and (ii) wrongfully with the intent to injure Convoy by unlawful means conspired with Roy Cho and his associates, thereby causing loss and damage to Convoy Collateral.

The various alternate reliefs sought by Convoy Collateral against the Company include: (i) damages or equitable compensation; (ii) an account as constructive trustee for personal gains; (iii) declaration that all agreements in respect of the loan of HK$190,000,000 be rescinded, set aside and void; (iv) repayment of all sums the Company received under the loans; or (v) damages in lieu of recession.

As for the case of HCA 2922/2017, the Company denies the allegations made by Convoy Collateral. The Company has sought legal advice and will defend the claims vigorously.

For details about the abovementioned action, please refer to the Company's announcement dated 14 February 2018.

GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2018, the Group's total cash and cash equivalents amounted to approximately RMB475,965,000 (30 April 2017: approximately RMB1,357,295,000) whilst the total assets and net assets were approximately RMB2,520,444,000 (30 April 2017: approximately RMB3,419,768,000) and RMB1,881,227,000 (30 April 2017: approximately RMB2,394,332,000) respectively. The Group had current assets of approximately RMB699,644,000 (30 April 2017: approximately RMB1,741,732,000) and current liabilities of approximately RMB445,495,000 (30 April 2017: approximately RMB809,628,000). The current ratio was 1.57 times (30 April 2017: 2.15 times). The Group's bank borrowings amounted to approximately RMB320,000,000 (30 April 2017: approximately RMB661,300,000), of which secured bank borrowings were approximately RMB270,000,000 (30 April 2017: approximately RMB541,300,000) and unsecured bank borrowings were approximately RMB50,000,000 (30 April 2017: approximately RMB120,000,000). The Company's convertible notes amounted to HK$190,000,000 (equivalent to approximately RMB124,141,000) (30 April 2017: approximately RMB116,227,000). The gearing ratio of the Group, defined as the total borrowings and convertible notes to the shareholders' equity, amounted to 23.6% as at 30 April 2018 as compared with 32.5% as at 30 April 2017.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 30 April 2018, the authorised share capital of the Company was HK$1,000,000,000 divided into 100,000,000,000 shares of the Company with par value of HK$0.01 each (the "Shares") and the issued share capital was HK$69,422,850.77 divided into 6,942,285,077 Shares.

During the year ended 30 April 2018, the Company carried out the following events in relation to the capital structure:

Capital Reorganisation

At the special general meeting held on 29 June 2017, the special resolution in relation to the capital reorganisation ("Capital Reorganisation") comprising the capital reduction ("Capital Reduction") and the share subdivision ("Share Subdivision") was duly passed by way of poll and the Capital Reorganisation took effect on 30 June 2017. Details of the Capital Reorganisation are as follows:

(1)Capital Reduction:

The par value of each of the then issued shares of the Company was reduced from HK$0.10 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued shares of the Company by way of a reduction of capital, so as to form issued new shares with par value of HK$0.01 each. The credits arising from such reduction of the paid-up capital had been credited to the contribution surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

(2)Share Subdivision:

Immediately following the Capital Reduction, each of the then authorized but unissued shares of the Company of par value of HK$0.10 each was subdivided into 10 new shares of the Company of par value of HK$0.01 each.

Placing of Notes

On 8 May 2017, the Company entered into a placing agreement ("Placing Agreement") with a placing agent, pursuant to which the placing agent agreed to act as placing agent of the Company, on a best endeavour basis, to procure the placee(s) to subscribe for the 7.00% per annum coupon notes ("Notes") to be issued by the Company in an aggregate principal amount of up to HK$150 million maturing on the date falling on the first anniversary of the issue date of the Notes at the placing price equal to 100% of the principal amount of the Notes ("Placing of Notes"), subject to the terms and conditions of the Placing Agreement.

The placing period was expired on 8 November 2017 and no Notes had been successfully placed. For the details of the Placing of Notes, please refer to the announcements of the Company dated 8 May 2017 and 8 November 2017.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2018, the Group had contractual capital commitments of approximately RMB192,000 (30 April 2017: approximately RMB215,578,000).

As at 30 April 2018, the Group had not provided any form of guarantee for any companies outside the Group.

Pledge on Group's Assets

As at 30 April 2018, certain property, plant and equipment and interests in leasehold land held for own use under operating leases with book value amounting to approximately RMB90,768,000 (30 April 2017: approximately RMB128,178,000) had been pledged to secure the Group's bank loans for the purpose of working capital, and bank deposits amounting to approximately RMB1,400,000 (30 April 2017: approximately RMB130,000,000) had been pledged to secure the Group's bank loans and bank facilities.

Following the redemption of the United States dollars ("US$") settled 7.00% secured convertible bonds due 2016 and the US$ settled 10.00% secured convertible bonds due 2016 in full at their outstanding principal amount plus accrued and default interest payable and accrued to the redemption date on 18 August 2016, the Company has instructed the trustee to proceed with the relevant procedures for the release of the related shares charge, which have not yet been completed as at 30 April 2018 and as at the date of approval of the consolidated financial statements for the year ended 30 April 2018.

FINANCIAL RISK MANAGEMENT

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 April 2018. The revenue, operating costs and bank deposits of the Group are mainly denominated in RMB and HK$. As such, the Group is not exposed to any material foreign currency exchange risk.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the PRC or other financial institutions authorized to buy and sell foreign currencies.

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

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

Disposal of the entire equity interest in 中綠(阜陽)飲品科技開發有限公司 (China Green (Fuyang) Beverages Science and Technology Development Limited*) ("Fuyang Company")

On 14 April 2017, the vendors, namely 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd.*) ("Xiamen Company") and 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*) ("Quanzhou Company", together with Xiamen Company, the "Vendors"), both are indirect wholly-owned subsidiaries of the Company, 廈門高泉投資有限公司 (Xiamen Gaoquan Investment Co., Ltd.*) ("Xiamen Gaoquan"), an independent third party, as purchaser and Fuyang Company entered into an equity transfer agreement, which was further amended and supplemented by a supplemental agreement dated 14 April 2017 entered into by the same parties, pursuant to which Xiamen Gaoquan agreed to acquire, and the Vendors agreed to sell, the entire equity interest of Fuyang Company which was owned as to 1% by Xiamen Company and 99% by Quanzhou Company, representing 100% of the equity interest in Fuyang Company, at cash consideration of approximately RMB49.8 million and a debt in the amount of approximately RMB45.2 million due and owing by Quanzhou Company to Fuyang Company will be waived (the "Disposal of Fuyang Company"). The Disposal of Fuyang Company was completed on 7 August 2017 and the Group ceased to have any interest in Fuyang Company. For the details of the Disposal of Fuyang Company, please refer to the announcement of the Company dated 17 April 2017.

Acquisition of Equity Interest in GFC Holdings Limited

On 17 July 2017, Easy Run Global Limited, a wholly-owned subsidiary of the Company, and GFC entered into a subscription agreement, pursuant to which Easy Run Global Limited conditionally agreed to subscribe for, and GFC conditionally agreed to allot and issue, 94,603 new ordinary shares of GFC ("Subscription Shares"), which shall represent approximately 36.00% of the enlarged issued share capital of GFC upon completion (as enlarged by the allotment and issue of the Subscription Shares) at the consideration of HK$36 million ("Subscription"). GFC is an investment holding company and its subsidiaries are engaged in the provision of food catering services and operating restaurants, cafes and take-away outlets in Hong Kong.

Upon completion of the Subscription in July 2017, GFC has become an associate of the Company. For the details of the Subscription, please refer to the announcements of the Company dated 17 July 2017 and 4 August 2017.

* *For identification purpose only*

Investment of 51% interest in 吉林鑫大陸農業開發有限公司(Jilin Xindalu Agricultural Development Limited*) ("Jilin Company")

On 10 September 2017,中綠(白城)農業開發有限公司 (China Green (Baicheng) Agricultural Development Limited*) ("Baicheng Company"), an indirect wholly-owned subsidiary of the Company, entered into a corporation agreement with 吉林向海農業生態科技有限公司 (Jilin Xianghai Agricultural Eco-tech Limited) pursuant to which, Jilin Company, a joint venture engaging in agricultural improvement, development, construction and operation, would be established. Baicheng Company has conditionally agreed to invest 51% interest in Jilin Company with an initial capital of RMB780,000, and a prepaid rental of RMB13,500,000 was made on 30 April 2018 for the acquisition of 10,000 mu farmland operating rights granted by the local government. The corporation agreement will be terminated automatically once the condition of acquiring farmland operating rights could not be completed, and this condition has not been fulfilled as at 30 April 2018 and as at the date of this report.

Update on the Disposal of Branded Beverage Businesses

Pursuant to the Amended and Restated Equity Transfer Agreement, US$150 million was held in escrow on the date of completion of the Disposal (i.e. 23 March 2016) until the satisfaction of certain conditions stipulated in the Amended and Restated Transfer Agreement.

On 9 August 2017, the Company entered into, among others, the Settlement Agreement with the Purchaser for the full and final settlement of outstanding payment amount due from each party under the Disposal. For the details of the Disposal and the Settlement Agreement, please refer to the above paragraph headed "Gain on final settlement on disposal of a subsidiary related to beverage business operations".

Disposal of Shares in Tianyun International Holdings Limited

During the period from 3 March 2017 to 5 September 2017 (both dates inclusive), China Green Beverages (HK) Limited ("China Green Beverages HK"), an indirect wholly-owned subsidiary of the Company, disposed of a total of 15,082,000 shares of Tianyun International Holdings Limited (Stock Code: 6836) ("TIHL"), whose shares are listed on the main board of the Stock Exchange, at the price between HK$0.64 and HK$1.10 per share of TIHL on the open market for an aggregate cash consideration of approximately HK$10.8 million (the "Disposal of Shares in TIHL"). The aforesaid sale shares amounted to approximately 1.54% of the then issued share capital of TIHL.

For the details of the Disposal of Shares in TIHL, please refer to the announcement of the Company dated 5 September 2017.

* *For identification purpose only*

Disposal of Shares in Convoy Global Holdings Limited

During the period from 10 August 2017 to 21 September 2017 (both dates inclusive), China Green Beverages HK disposed of a total of 51,954,000 shares of Convoy Holdings (Stock Code: 1019), whose shares are listed on the main board of the Stock Exchange, at the price between HK$0.19 and HK$0.22 per share of Convoy Holdings on the open market for an aggregate cash consideration of approximately HK$10.9 million (the "Disposal of Shares in Convoy Holdings"). The aforesaid sale shares amounted to approximately 0.35% of the then issued share capital of Convoy Holdings.

For the details of the Disposal of Shares in Convoy Holdings, please refer to the announcement of the Company dated 21 September 2017.

Disposal of Shares in China Demeter Financial Investments Limited

During the period from 6 December 2017 to 8 December 2017 (both dates inclusive), China Green Beverages HK disposed of a total of 45,000,000 shares of CDFIL (Stock Code: 8120), whose shares are listed on GEM of the Stock Exchange, at the price between HK$0.071 and HK$0.080 per share of CDFIL on the open market for an aggregate cash consideration of approximately HK$3,224,000 (the "Disposal of Shares in CDFIL"). The aforesaid sale shares amounted to approximately 4.53% of the then issued share capital of CDFIL.

STAFF AND REMUNERATION POLICIES

As at 30 April 2018, the Group had a total of 469 employees, of which 251 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for the year ended 30 April 2018 was approximately RMB41,874,000 (for the year ended 30 April 2017: approximately RMB39,609,000).

Employees are paid competitively, taking into account individual performance, experience, and their respective roles and positions. Other benefits offered by the Group included statutory provident funds, year-end bonuses, and share options to be granted to selected employees on the basis of their individual performance.

Grant of Share Options

On 18 January 2018, the Company granted an aggregate of 694,228,507 share options (the "Share Options") to certain executive Directors and employees of the Group under the share option scheme adopted by the Company on 18 October 2013, the exercise price of which is HK$0.032 per Share and are exercisable from 18 January 2018 to 17 January 2028. The closing price of the Shares on 18 January 2018 was HK$0.032 per Share.

For the details of the grant of Share Options, please refer to the announcement of the Company dated 18 January 2018.

UPDATE ON INVESTIGATION OF SECURITIES AND FUTURES COMMISSION

Reference is made to the Company's announcement dated 22 May 2013. As disclosed in the announcement, the Securities and Futures Commission of Hong Kong ("SFC") commenced formal investigations as to, among others, whether, during or around the period from 1 January 2013 to 26 April 2013, the Company and/or persons connected with it might have breach the requirement for listed corporation to disclose inside information under Part XIVA (Disclosure of Inside Information) of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

During the year ended 30 April 2018, the Company was informed by SFC that they have completed the above investigation and are not presently recommending enforcement action against the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

This is the second Environmental, Social and Governance ("ESG") report of China Green (Holdings) Limited (hereafter the "Company", together with its subsidiaries, the "Group"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). This ESG report has complied with the "comply and explain" provision of the ESG Reporting Guide.

The Group is a green food provider in China supplying a wide range of agricultural products to the domestic market. During the year ended 30 April 2018 ("Reporting Period"), two major sources of revenue to the Group are the multi-grain farmland in Baicheng City, Jilin Province, and the aquatic plant farming in Tianze, Hubei Province. This ESG report covers the Group's overall performance in two subject areas, namely, environmental and social aspects of the following three operational locations in China from 1 May 2017 to 30 April 2018, unless otherwise stated.

– the Zhonglv office building including canteen in Xiamen, Fujian Province (hereafter "Zhonglv");

– the agricultural operation in the multi-grain farmland in Baicheng City, Jilin Province (hereafter "Baicheng"); and

– the aquatic plant farming in Tianze, Hubei Province (hereafter "Tianze").

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group continues to engage with the stakeholders by working closely with them to understand their needs, concerns, motivations and objectives. Various stakeholders including internal senior management team, employees and external customers and suppliers continue to be involved in regular engagement sessions to discuss and to review areas of attention. The most material topics raised by key stakeholders during this Reporting Period through a quantitative stakeholder survey included:

– Energy;
– Water;
– Employment;
– Health & Safety;
– Labour standards;
– Intellectual Property (IP) right; and
– Anti-Corruption

In addition, the on-field application of agrochemical and its consequential environmental and social impacts have also been identified as a concerned topic for the Group.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at ir@chinagreen.com.hk.

CHINA GREEN'S MISSION AND VISION ON SUSTAINABILITY COMMITMENT

As an initiator and promotor of healthy food, the Group strives to further lead the green and healthy food market in China. At the same time, our shareholders seek a healthy return on their investment, and the Group continuously commits to its ESG performance. To address key topics and concerns raised by the stakeholders (refer to 'Stakeholder Engagement and Materiality' section), the Group continues to invest in financial and non-financial resources to: (1) provide a safe and respected working environment for all levels of staff; (2) prohibit any forms of discrimination against any employees; and (3) establish a robust system for training and development and create a healthy corporate culture for career development.

In particular, we consider that investment in ESG activities will help the Group to achieve long-term business resilience by adopting the following schemes:

- conserve renewable and non-renewable resources and implement sustainable agriculture practices to reduce dependency on agrochemicals;
- implement Vertically Integrated Business Model and develop sustainable supply chain management for the whole food-chain, from the farmland to consumer's dining table, ensuring the best-quality, safe and healthy food from the cultivation, to the processing, delivery, and final distribution;
- transfer from environmental and social footprint (i.e. negative impacts) to a handprint (i.e. positive impacts) whenever and wherever possible;
- ensure any labour practices following applicable laws and regulations for both our internal employees and external seasonal workers on our farms;
- establish mutually respectful and cooperative relationships with internal and external stakeholders through fostering great corporate culture, resulting in higher employee engagement, satisfaction and productivity; as well as customer loyalty;
- manage our cultivation locations in different provinces, to maximize the efficient use of local resources, to provide high-quality raw materials to local food processors, and to minimize unnecessary transportations;
- diversify our food products and invest massively in Research & Development (R&D), launch new product lines that meet modern lifestyles while ensuring the taste, the quality, and the healthiness of food; and
- continue promoting healthy food and becoming a global leader in green food market – our ultimate Vision & Mission.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ADOPTION OF BEST INDUSTRIAL PRACTICES

The Group is a member of several associations, such as China's Agricultural Industrialization Leading Enterprises Association, Enterprise Investment Association; and is an executive council member of China Food Industry Association. The Group was identified as "leading enterprise for national agricultural industrialization" and "outstanding food enterprise" by the National Ministry of Agriculture and Chinese Food Industry Association respectively.

The Group strives for excellence, not just compliance. We closely monitor our environmental performance even if they are not required by national and/or local regulations. For example, while there is no control/monitoring standard for farmland water pollutants, the Group acknowledges the potential non-point pollution source from our farmland and tests the water quality in our drainage system to make sure minimum pollutants were carried over to nearby watershed and ecosystem.

In particular, the Group has renewed and/or achieved following certificates during the Reporting Period:

- ISO 9001 Quality Management System;
- HACCP international food safety certification; and
- Pollution-free agricultural products certification mark.

In addition, the Group received following awards during the Reporting Period:

- Processing of Staple Food Business Model in China;
- Top 500 Most Valuable Chinese Brands;
- The most Amoy and Taiwan Style Souvenir; and
- Star of Business Integrity in Xiamen.

A. ENVIRONMENTAL

The Group highly values the physical environment and the ecological dynamics. Not only that our operation directly depends on the natural environment, but also that any individual entity's survival and development highly depends on the environment. For these reasons, the Group adopts comprehensive environmental management. Energy and water conservation policies and practices are widely implemented throughout the Group, both at the office building and agricultural fields.

The Group ensures strict compliance with any applicable regulations, laws and standards. All farms operated by the Group strictly prohibit any on-site burning of any materials, regardless of whether it is organic or non-organic farming waste. For each individual operational site, they strictly follow any applicable local laws and regulations, e.g. both Baicheng and Tianze strictly follows Regulations on Environmental Protection of Jilin and Hubei Province, respectively.

During the Reporting Period, the Group specifically managed the vehicle and agro-machinery usage, deepened the energy saving management. For commercial vehicles owned by the Group, dedicated personnel was appointed to manage, control and record vehicle scheduling and fuel consumption data, in order to make reasonable use of vehicles, reduce unnecessary trips and reduce carbon emissions. At the same time, the Group actively responds to National Energy Conservation and Emission Reduction Policies, by giving priority to low-emission vehicles when purchasing new vehicles. For agro-machinery, regular inspection of machinery has been conducted, ensuring that they are in good technical condition, resulting in unnecessary fuel consumption, thus indirectly reducing exhaust emissions.

Other aspects of environmental protection policies and implementations were discussed in detail under corresponding sections below.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste was identified during the Reporting Period.

1. Emissions and Waste

(i) Air Pollutant Emissions

There were no major on-site air emissions from the Group. The diffusion of the chemical molecule during agrochemicals application was insignificant and not measured/reported.

Vehicle Operation and Emissions

Passenger cars were used for daily business operation. Their combustion generated several air emissions include nitrogen oxides (NO_x), sulphur oxides (SO_x) and respiratory suspended particles (PM).

Site	Mobile fuel source	Air emissions (non-GHG) from the vehicle (for non-agro-machinery)		
		NO_x (kg)	PM (kg)	SO_x (kg)
Zhonglv	Gasoline	241.68	16.25	0.41
Baicheng	Gasoline	7.54	0.72	0.02
Tianze	Not applicable	–	–	–
Total		249.22	16.97	0.43

Note: Emission factors for calculations on environmental parameters throughout the report were made with reference to Appendix 27 to the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Agro-machinery Operation and Emissions

All agro-machinery used on farms is fuelled by electricity thus no on-site air emissions were generated. The indirect greenhouse gas (GHG) generated by electricity consumption was calculated in the next section.

Liquefied Petroleum Gas (LPG) Emissions

Zhonglv has a canteen within the office building and the combustion of LPG generates SO_x and NO_x, which is presented in the following table. In addition, it also generates GHG emission, presented in the next section.

Site	Fuel	Air emissions (non-GHG) from LPG combustion	
		NO_x (kg)	SO_x (kg)
Zhonglv	LPG for canteen	1.34	0.00667

(ii) *Greenhouse Gas (GHG) Emissions*

There were 532.02 tonnes of GHG emitted in the Reporting Period, reported in carbon dioxide equivalent ($CO_{2eq.}$). The GHG reported included following activities and scope:

- direct (scope 1) GHG emissions from the stationary combustion of LPG for Zhonglv canteen;
- direct (scope 1) GHG emissions from the combustion of fuels for mobile transportation;
- energy indirect (scope 2) GHG from purchased electricity;
- other indirect (scope 3) GHG from municipal freshwater and sewage processing for Zhonglv building; and
- other indirect (scope 3) GHG from business air travel by the Group employees.

The irrigation water used in Baicheng and Tianze was sourced from hydro-project and underground water sources instead of processed water from municipal water treatment plant. Their associated indirect scope 3 GHG emissions were not calculated due to lack of appropriate data (e.g., no relevant background data on the life-cycle GHG emissions of hydro-project). The indirect emissions from waste paper landfilling was not calculated due to lack of waste paper data.

Activity	$CO_{2eq.}$	% of total
Scope 1 Direct GHG emission		
Zhonglv – LPG for Canteen (stationary) [1]	21.07	4%
Zhonglv – Gasoline (mobile) [2]	63.60	11%
Baicheng – Gasoline (mobile) [2]	3.41	1%
Scope 1 total	88.08	16%
Scope 2 Energy indirect GHG emission from purchased electricity [3]		
Zhonglv	372.51	70%
Baicheng	5.28	1%
Tianze	3.96	1%
Scope 2 total	381.75	72%
Scope 3 Other indirect GHG emission		
Business air travel	56.15	11%
Freshwater and sewage processing	6.04	1%
Scope 3 total	62.19	12%
Total GHG	532.02	100.00%

General note: Emission factors for calculations on environmental parameters throughout the report were made with reference to Appendix 27 to the Listing Rules and their referred documentation as set out by the Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 1: Emission for the combustion of natural gas for the stationary source was calculated with emission factors from Greenhouse Gas Protocol Calculation Tool – GHG Emissions from Stationary Combustion (Chinese).

Note 2: Emission for the combustion of for mobile transportation was calculated with emission factors from Greenhouse Gas Protocol Calculation Tool – GHG Emissions from Transport or Mobile Sources.

Note 3: Combined margin emission factor of 0.7029, 0.7803, and 0.6508 tCO_{2eq}/MWh was used for purchased electricity in Fujian (for Zhonglv), Jilin (for Baicheng), and Hubei (for Tianze), respectively.

(iii) Hazardous Waste

Both the office building and two farms did not generate hazardous waste. There was no electronic waste generated by the Group as the electronic equipment was leased, and the leasing company was responsible for any maintenance, refilling consumable items, and end-of-life treatment as well. For farm operations, the un-used hazardous products (i.e. pesticide, insecticide) are collected by the suppliers for further processing. On-site self-treatment of hazardous materials is strictly prohibited.

(iv) Non-hazardous Waste

Non-hazardous waste from Zhonglv was mainly office papers, and organic waste from the canteen. A total of 901 kg of paper was consumed during the Reporting Period. The Group will consider implementing waste auditing to track different waste treatment methods and destinations for the waste paper generated from the next Reporting Period. A total of 8 tonnes of organic waste from canteen was generated, it was collected and treated by municipal waste treatment centre in Xiamen. In the Reporting Period, food waste in canteen has been reduced considerably. To reduce food waste, canteen staff has been trained and food serving has been adjusted according to individual need and preference rather than standardized portion.

For farm operations, crop residues from both corn and bean crops were returned to the field during the machine harvest processes. For residues that mixed with mulching film and were inseparable, they would be hauled to the nearby waste collection point, from where they will be collected by city sanitation worker for downstream treatment. Waste disposed of from the farming operations was not recorded during the Reporting Period due to insignificant quantity.

(v) Wastewater

Zhonglv does not have separate wastewater treatment nor records wastewater amount as it is connected to central wastewater treatment pipelines and treated in the municipal wastewater treatment plant. The wastewater from farmland is mixed with the irrigation water in the irrigation channel on-site. Although there are no national standards on agriculture wastewater monitoring, the Group self-monitors and applies third-party independent testing to make sure no excessive leaching to the surrounding environment.

2. Use of Resources

(i) Energy Consumption and Conservation

The major type of energy source the Group consumed was electricity, followed by LPG for Zhonglv canteen and gasoline for the non-agro-machinery vehicle. Annual consumption of LPG and gasoline for the Group was 6,648.44kg and 29,499.95 liters respectively. Their indirect consumption in Kilowatt-hour (kWh) unit was calculated below.

Energy source	**Direct consumption (in kg)**	**Indirect consumption (in kWh)**
LPG	6,648.44	92,670.02
Gasoline[1]	21,850.61	261,418.31

Note 1: Unit conversion was made with reference to the IEA Energy Statistics, and China Energy Statistical Yearbook 2017.

Total electricity consumption by the Group was 542,855.4 kWh.

Site	**Consumption (kWh)**	**Intensity**	**Intensity unit**
Zhonglv	530,000.00	66.30	kWh per m^2 total floor area
Baicheng	6,765.50	0.11	kWh per ton of annual yield (including all products)
Tianze	6,089.90	0.22	kWh per annual yield for all products (in tonne)

Zhonglv has put energy-saving logos throughout the building. Meanwhile, security and logistics personnel patrol each floor and ensure no waste on electricity and water usage. All staff leaving work shall turn off the lights. Idle computers or computers that will not be used within two hours are required to be shut down. Regular maintenance and cleanliness are performed on all computers to ensure that they are dust- and moisture-proof, thus to reduce power consumption. The office implements e-files to reduce the number of paper documents and to promote paperless office.

For the farms' operation, energy saving practices were mainly through agricultural measures such as land levelling, mechanical plowing and straw returning, which increase the soil water holding capacity, thus reducing excessive use of agro-machinery. Baicheng mainly relies on large-scale agro-machinery for the farm operation due to the size of its land in the Northern Territory. In contrast, Tianze has a smaller-scale operation with both soil and water plants, using different types of agro-machinery from Baicheng. With the difference of operational nature of the two farms, Baicheng achieves higher efficiency due to its operation scale. Energy intensity was calculated based on the agricultural yield, which is quite stable due to proper agriculture management.

(ii) *Water Consumption and Conservation*

The total water consumption for the Group was 62,918,333m^3. The water consumption for both Baicheng and Tianze was estimated by agricultural experts, based on the water demand of each crop grown.

The Group used third-party independent testing to ensure that the water quality from the irrigation channel meets the Water Quality Standard for Farmland Irrigation in the PRC.

Site	Water consumption (m^3)	Intensity	Intensity unit
Zhonglv	8,333	1.04	m^3 per m^2 total floor area
Baicheng	54,960,000	885.10	m^3 per ton of annual yield (including all products)
Tianze	7,950,000	283.32	m^3 per ton of annual yield (including all products)

Zhonglv sourced all water from municipal water supply and no issues were reported in sourcing water. Both farm operations use mixed water sources, which include water from hydro projects (surface water) and pumped ground water, for irrigation. It is practically impossible to separate and record exact consumption data of surface and underground water. The total amount of irrigation water was estimated by agriculture experts, as no metering equipment is installed on farms. To control the water quality, on-site tests have been performed at least twice a year to ensure that the irrigation water meets the Water Quality Standard for Farmland Irrigation in the PRC.

Zhonglv implements similar resource saving schemes for water as for the energy. For the farm's operation, water savings were mainly achieved through irrigation technology improvement. The irrigation system mainly utilizes drip irrigation, other than slow irrigation. These irrigation techniques ensure that the water demand for plant and soil are maintained, while water consumption is saved extensively by reducing unnecessary evapotranspiration. Other than irrigation, a large amount of water demand for crops has been met by precipitation. The farms utilized deep straw application, modified soil infiltration rate, increased soil water holding capacity and improved rainfall utilization. As a consequence, the Group indirectly reduced the water consumption for irrigation.

(iii) Packaging Materials

No product packaging was involved for Zhonglv. Both Baicheng and Tianze farm operations have limited packaging as most of the raw crops are loaded to trucks and transported to millers for further processing. Major packaging materials used are woven bags purchased from external suppliers. Due to limited usage, consumption amount was not recorded and reported during this Reporting Period. All packaging materials had no hazardous contents.

(iv) Others: Management of Agrochemicals

The application of agrochemicals has been identified as a focal point raised by stakeholders. Due to the unique climate and geophysical characteristics, Baicheng has rich soil and limited plant disease and few pest problems. This allows a minimum input of agrochemicals.

Both organic and compound fertilizers are applied on farms. Organic fertilizers are mainly applied to the soil during tillage/seeding process as a base fertilizer to lock nutrients during the growing season. Compound fertilizers are mainly applied during growing season, around 2-3 times per growing season. The application amount varies with crop type.

	Baicheng		**Tianze**	
Fertilizers	**Consumption (kg)**	**Intensity (kg fertilizer per ton of annual yield (including all products)**	**Consumption (kg)**	**Intensity (kg fertilizer per ton of annual yield (including all products)**
Compound fertilizer	5,089,619	81.97	430,900	15.36
Ca, Mg, P fertilizers	1,063,245	7.12	423,000	15.07
Potassium chloride fertilizer	231,397	3.73	86,750	3.09
Urea fertilizer	3,071,895	49.47	284,400	10.14
Organic fertilizer	5,819,395	93.72	539,000	19.21

Pesticides and insecticides applied on farms are all bought from registered suppliers and these chemicals are produced under National Regulations on Pesticide Management, with low toxicity and minimum residues.

3. The Environment and Natural Resources

(i) Significant Impacts of Activities on the Environment

The Group's operation does not cause significant adverse impacts on the environment. The farmland is not converted from other land types such as protected watershed, forests, grassland or urban land types. We preserve local eco-system through sustainable agriculture and aquaculture practices, as listed in the next section.

(ii) Resource Conservation

The Group's operation heavily relies on both natural resources (such as water, soil) and non-natural resources (such as agrochemicals input). We strive to meet our production capacity and market demand while conserve resources to the maximum extent at the same time. To achieve sustainable agriculture, the Group continues to improve fertilization and sowing technology, reduce pesticide pollution, rely on scientific and rational use of chemical fertilizers, improve soil organic matter content, and improve soil fertility. In particular,

- all farm operations apply crop rotation whenever possible to preserve soil fertility and minimize the use of compound fertilizer;

- the Group invests largely on energy-efficient agro-machinery, and all on-site machines are all powered by electricity instead of diesel, further reducing direct air emissions during machinery operation;

- farming operation utilizes Integrative Pest Management (IPM), including using physical and biological pest control methods supplementary to chemical methods. Whenever pesticides usage is inevitable, only low toxic and low residue biological pesticides are purchased. They are applied according to the category and characteristics of pests to increase the application efficiency;

- as part of the IPM, agricultural control measures are applied, such as selecting high-quality insects-/pests-resistant varieties; at the same time, the management of fertilizer and irrigation application is strengthened so as to make crops grow stronger and enhance their resistance to insects and pests. In addition, biological control measures are adapted depending on local conditions;

- the Group minimizes waste generation on farms by efficient re-use of agricultural resources, following practices such as returning crop residues to the field, which also increases the soil fertility by an organic manner;

- for water plants cultivation in Tianze, integrative breeding practices have been applied, for example, the lotus leaves will self-decay and return to the field as nutrients;

- the Group mainly uses surface water (e.g., from hydro projects) to reduce dependence on the withdrawal of non-renewable underground water resources for irrigation. In addition, drip-irrigation is applied to save water while maintaining appropriate soil moisture; and

- while not required or monitored by local/central government Environmental Protection Agency (EPA), the Group acknowledges the importance of controlling leaching of any agro-chemicals to the nearby watershed, and the Group self-monitors the water quality for the drainage system to minimize leaching of chemicals to surrounding environment to reduce any potential eutrophication, eco-toxicity impacts.

In addition to resource saving from the field, the group continued to encourage pro-environmental behaviours among staff in our office building, including switching off electronic devices when not in use. The air-conditioning temperature was pre-set to reduce energy consumption while maintaining a comfortable indoor environment. Zhonglv purchases environmental-friendly cleaning products for daily operations, to minimize adverse impacts both on human beings and the environment. The office encourages paper to be re-used with recycling box provided next to the printer. Staff can reclaim waste paper for internal circulation of daily business documents. In addition, the office building utilizes Office Automation (OA) for enabling electronic/paperless office system and avoiding paper use wherever possible.

B. SOCIAL

1. Employment and Labour Practices

The Group continues to invest in capacity building among human resource, stringently following any applicable laws, adopting best practices, improving the welfare systems, and treating people with full respect.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare was identified during the Reporting Period.

(i) Employment

The Group had a total number of 117 employees from all three sites as at 30 April 2018. All of them were full-time employees, and all from mainland China.

No major changes on Human Resources (HR) Policy were occurred during the Reporting Period, other than that the Group decided to extend the maximum take-off days to seven days for employees to attend family funeral. In addition, the definition on family funeral increased from previously "direct relatives" (i.e. parents and the spouse's parents) to the current inclusion of "grandparents and spouse's grandparents". The cash condolence offered by the Group also increased from last year standard.

The Group does not encourage over-time (OT) work. Employees need to fill in OT Application Form, and generally, no more than 1 hour of OT shall be performed on daily basis. If more than three hours OT is needed, designated personnel will take charge to record the OT. Any OT will be compensated according to the national labour law as: 1) 1.5 times the hourly pay for weekdays' OT; 2) 2 times the hourly pay for weekends' OT; and 3) 3 times the hourly pay during national holidays' OT.

Welfare

The Group follows all applicable national laws when implementing the employees' welfare system. On many occasions, the Group has welfare policies exceeding the Labour Law of the PRC, including generous maternity leave, paternity leave, bereavement leave etc.

At Zhonglv, a multi-purpose room is located on the third floor, providing table tennis, billiards and other relaxing activities to the employees so that they can take a break and have some light exercise. To enrich the employees' after-hours activities and for team-building purpose, the Group actively asked for employees' opinions regarding the kind of activities they like to participate in during corporate cultural events, such as the International Women's Day. In addition, all employees enjoy meals sponsored by the Group during periods of Chinese traditional festivals, such as the Dragon Boat Festival and the Lantern Festival.

During special occasions, following allowance (per each occasion) is distributed.

	Occasion		
Position	**Marriage**	**Hospitalization**	**Family loss**
Assistant Department Head and above	RMB600	RMB500	RMB500
All others	RMB200	RMB100	RMB100

Compensation and Benefits Package

The Group follows all applicable laws and the internal policy of "ranking by position, grading by ability, and awarding by performance" to distribute compensation and benefits. The remuneration structure is set objectively based on the personnel's position and performance. When employees obtain over 90 points for their annual evaluation, they will be granted to a salary increase, providing meeting other criteria listed under HR Manual. In addition, the Group took out commercial insurance for female and male employees over 50 and 60 years old, respectively.

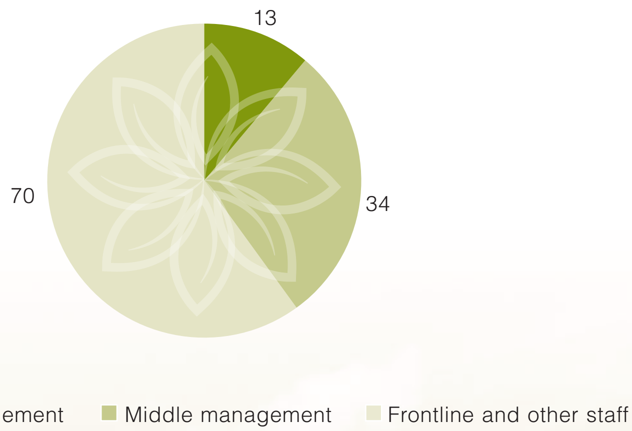
Appraisal System

The appraisal process is clearly stated within the HR Manual and follows the procedures below: individual proposes an application, then they will fill out the approval form for employee promotion application, followed by evaluation by department supervisors, HR department, and finally by managerial authorities. The final decision will then be made based on the evaluation results.

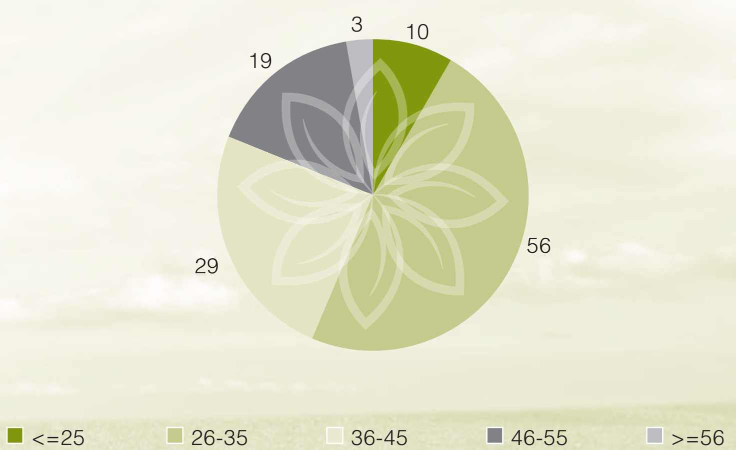
Equal Opportunity

Our employees are not discriminated against or deprived of any opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability and pregnancy. For example, the HR department encourages female employees not to concern or worry about their career development within the Group if their families decide to have a second child. The Group considers such a decision a positive one and fully support them. Similarly, any forms of discrimination against minorities (e.g., the Hui people) are strictly prohibited. The Group did not receive any complaints regarding discrimination during the year ended 30 April 2018.

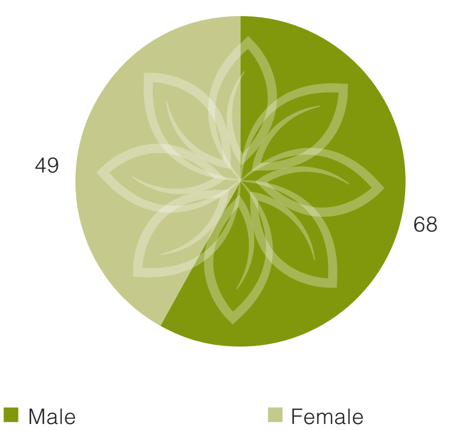
Total Workforce[1] (Number of Employees) by Employee Category



Total Workforce[1] (Number of Employees) by Age Group



Total Workforce[1] (Number of Employees) by Gender

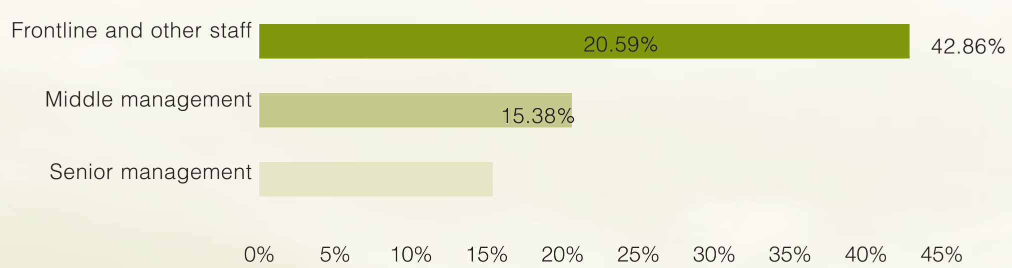


Note 1: The total workforce mentioned throughout the ESG report includes those employees subject to the scope specified in the "Scope and Reporting Period" section.

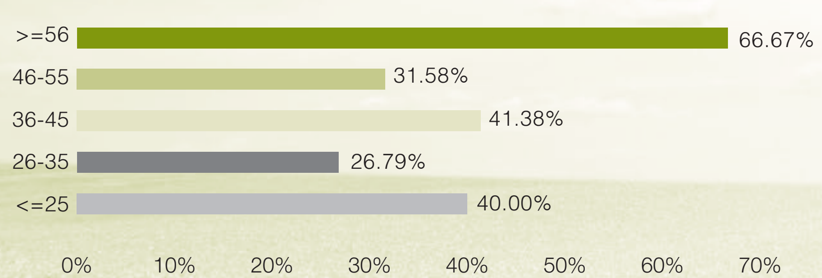
Turnover Rate

A total number of 39 employees left the Group during the Reporting Period, contributing to the turnover rate of 33.33%. All turnover was from Zhonglv, with both Baicheng and Tianze having 0 turnover. The seemingly high turnover rate for those aged over 56 is due to the small total number of employees over 56 years-old in the Group at the end of the Reporting Period.

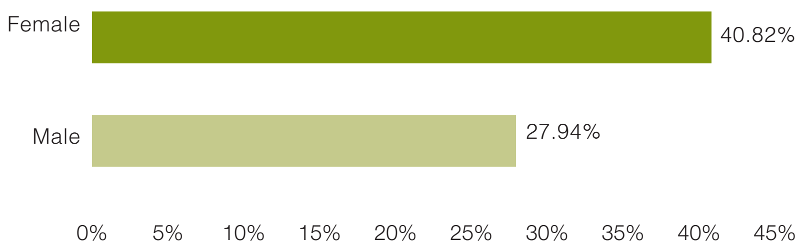
Total Turnover Rate by Employee Category



Total Turnover Rate by Age Group



Total Turnover Rate by Gender



(ii) Employee Health and Safety

The Group endeavours to ensure that the employees are protected from potential hazards, risks and accidents. Workplace health and safety is of paramount importance to the Group. The Group treats workplace health and safety as a continuously improving process, and we frequently review and improve safety management system processes to achieve an injury-free workplace.

The major health risk is for farm workers to apply agrochemicals. While all agrochemicals applied are low-toxic and low-residue, there are inevitably health risks posed to farm workers especially if they are directly inhaled. Baicheng mainly utilizes agro-machinery for large-scale application of agro-chemicals thus human risks are minimized. For Tianze, all workers are equipped with designated masks, gloves and other personal protection equipment to lower the risks to the minimum extent. No complaints nor accidents were received/reported during the Reporting Period.

For Zhonglv, all escape exits are checked regularly to make sure that they are not blocked. Fire control system is checked to ensure its functionality in case of any emergency. Fire drill has been performed once every half year. In addition, 5S inspection and evaluation were conducted each year, and fire safety knowledge training has been provided for company security force. All workers engaging in production or catering related positions (e.g., production staff and canteen staff) are given designated physical examination every year.

There was no work-related fatality or injury case during the Reporting Period. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards was identified during the Reporting Period.

	FY 2017/18
Work-related fatality	0
Work injury cases >3 days	0
Work injury cases <= 3 days	0
Lost days due to work injury	0

(iii) *Development and Training*

Each year before the end of December, the HR Department will send out training needs questionnaires to individual departments. The annual training plan will then be compiled, assessed and approved by the general manager. The evaluation of training results is mainly conducted through written exams and practical operation assessment, and those failed will be required to participate in training again.

Different training courses have been provided during the Reporting Period. Internal training carried out included personal quality (e.g. etiquette training), and business skills (e.g., product introduction, regulation updates) training. External training was also provided to employees and paid by the Group, such as sales training. Other than those career-related training programs, the Group also plans to open yoga training to employees in the upcoming year. Opening such extra-curriculum training sessions aligns with the corporate culture of building up mentally and physically healthy workforce.

The Group also trains internal staff to become excellent learning sources for colleagues when chances arise. The HR Department takes charge of the appraisal and management of internal lectures, and an extra allowance for buying books and other materials was distributed to them.

Position	Allowance per year
Department (Junior) Lecturer	RMB 300
Intermediate Lecturer	RMB 800
Senior Lecturer	RMB 1,000
Expert-level Lecturer	RMB 2,000

The Group quantitatively establishes the annual minimum training hours for its employees, besides the minimum requirement fulfilled by all employees during new staff orientation.

Position	Minimum training hours per year
General Manager and Deputy General Manager	20 hours
Director and Assistant Director	25 hours
Department Head and Assistant Department Head	30 hours
Supervisors	40 hours

(iv) *Labour Standard*

No children nor forced labour were found during the Reporting Period. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour was identified during the Reporting Period. Background checks have been conducted for every new employee to ensure compliance with any applicable labour laws in China, such as the Labour Law of the PRC. Any violations against the Group's policy and/or relevant laws will be reported to the trade union, internally audited, and/or dismissed, and reported to government agencies.

In addition to our internal control, the Group also closely monitors contractors' labour practice. Farm operations sometimes involve external workers employed by our contractors. HR personnel of the Group will take on-site survey to examine all worker's personal ID, ensuring no child labour work on our farms. While the legal working age is 16 in mainland China, the Group only allows workers over 19 years-old to work seasonally on our farms.

2. Operating Practices

(i) *Supply Chain Management*

For all new suppliers, personnel from both Quality and Purchasing Department will perform on-site survey first, comprehensively evaluate multiple criteria such as the product quality, processing capacity, HR policies, production environment, qualification, food safety, warehouse management, as well as social and environmental performance. Normally, three suppliers will be selected whom will be further evaluated by the purchasing manager, the general manager and the director until the final contractor approved.

The Group evaluates those qualified suppliers every year to evaluate suppliers' qualifications and product quality, to ensure that they continue to meet the required standards. While simple physical tests are performed in our own facilities, we also randomly select several batches to be sent to professional third-party testing laboratories where more accurate tests will be performed.

Major suppliers are all located within mainland China, Zhonglv also imports sticky rice from Vietnam.

Geographical Region	Zhonglv	Baicheng	Tianze	Total
Mainland China	50	10	1	61
Vietnam	5	0	0	5

(ii) *Product Responsibility*

The food safety and quality are strictly managed according to the principle of "source traceability, process controllability, flow detectability and quality assurance". Processed food is sent to independent third-party testing organizations for regular quality inspection. Products that do not meet the safety standards are recalled and destroyed. There were no complaints received due to food safety reasons during the Reporting Period.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided was identified during the Reporting Period.

Product Packaging and Advertisement

Packaging of all food products has clear indication of its raw materials, and includes allergic information, including whether or not containing Genetically Modified Food, nutrient information etc. All relevant activities follow Advertisement Law of the PRC. No false nor misleading contents shall be contained within any advertisement.

Intellectual Property Right

The Legal Department performs the trademark check each month to verify if any other organizations use similar trademarks. Similarly, the Group checks current trademark database thoroughly to make sure that no similar patterns are issued before the Group apply for a new trademark. In case there are similar trademarks found, the Group will issue an objection letter to the trademark office, which will follow up on the case. No cases were brought up during the Reporting Period. In addition to internal control, an external agency is employed to further protect the intellectual property of the Group, i.e. Xiamen Joint Intellectual Property Rights Limited.

Consumer Data Protection

The Information Technology (IT) Department implements Information Management System to protect the privacy of employees, suppliers, customers and consumers. The IT Department closely monitors cyber security, hardware and software management and video conference management. All employees are prohibited to install software, applications on computers by themselves, and if technical problems are encountered, they shall consult IT Department to solve the problem in a professional manner. This avoids accidental data loss, prevents malware and virus, or any information leakage.

To protect confidential data, the Group utilizes a hierarchical file server system. Each department will have at least two hierarchies – the public file folder and the management-level file folder. The access permissions are set based on employee position. No incident of data breaching or divulging of confidential information was found during the Reporting Period.

(iii) Anti-corruption

The Group strictly regulates the discipline and professional conduct of employees, to fully prevent any bribery, extortion, fraud, money laundering and gambling. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering was identified during the Reporting Period. The Group has a whistle-blowing confidential reporting system. Anyone who finds suspicious activities may report the matter to internal inspection team directly. The internal inspection team will then follow investigation procedures to verify the incident.

3. Community Investment

The Group highly values the responsibility to promote cultural activities within the Group and to contribute to the local communities. The Group highly encourages employees to participate in sports activities (e.g., Xiamen marathon), and regularly organizes cultural activities such as tie-dyeing workshops for interested employees to learn and experience some Chinese traditional techniques. In addition, the Group has contributed RMB300,000 on targeted poverty group alleviation.

FUTURE DIRECTIONS FROM THE GROUP

The Group will continue to promote sustainable operations, save non-renewable resources consumption, closely monitor any updates on relevant laws and standards, strictly comply with national food safety requirements, encourage regular staff physical examination and achieve highest standard on occupational health and safety.

The Group will consider food safety as a key focus for near-future development. Life cycle thinking will be applied to strictly assess, monitor, and control impacts of our business operations on the environment from cultivation stage or source of production. In addition, the Group will work closely with local governments and/or other enterprises to improve the living quality for local residents, to protect local agricultural environment, and to provide education and training to local workforce to enhance their awareness of environmental protection.

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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 corporate governance principles of the Company emphasize a quality board, sound internal controls, transparency and accountability to all shareholders of the Company (the "Shareholders").

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 30 April 2018, 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.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 caliber individuals with sufficient number thereof being independent non-executive Directors.

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year ended 30 April 2018.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategies as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall strategies 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 Board has delegated to the management the authority and responsibility for daily management of the Group, implementation of strategies approved by the Board, monitoring operating budgets, implementation of internal control procedures, and ensuring compliance with relevant statutory requirements and other rules and regulations. 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 a majority of the Board:

Executive Directors
Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Wang Jinhuo

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

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board is composed to ensure strong independence existed across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical details of Directors are set out on pages 68 to 70 under the section headed "Directors and Senior Management".

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 2018 to the Company. The individual training record of each Director received for the year ended 30 April 2018 is set out below:

	Type of Training
Mr. Sun Shao Feng *(Chairman and CEO)*	A
Mr. Wang Jinhuo	A, B
Mr. Hu Ji Rong	A
Mr. Wei Xiongwen	A
Ms. Yu Xiao Min	A

Notes:

A: reading newspaper, journals and updates as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties

B: attending seminars and/or conference and/or forums on subjects relating to directors' duties and corporate governance

Chairman and Chief Executive Officer

The roles of Chairman and CEO are not separate and Mr. Sun Shao Feng currently performs these two roles.

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 and accounting, and has extensive international business network. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gave an annual confirmation of his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules, and the Company considers that all independent non-executive Directors are independent.

Mr. Hu Ji Rong, Mr. Wei Xiongwen and Ms. Yu Xiao Min, being all the independent non-executive Directors, were appointed for a term of 2 years and subject to retirement by rotation in accordance with the Bye-laws of the Company (the "Bye-laws").

Attendance Records

	Number of attendance					
Name of Directors	**Board Meetings**	**General Meetings**	**Audit Committee's Meetings**	**Nomination Committee's Meetings**	**Remuneration Committee's Meetings**	**Corporate Governance Committee's Meeting**
Executive Directors:						
Mr. Sun Shao Feng *(Chairman and CEO)*	4/4	2/2	–	–	–	–
Mr. Wang Jinhuo *(Appointed with effect from 1 September 2017) (Note 1)*	2/2	0/0	–	0/0	1/1	0/0
Mr. Chen Changgai *(Resigned with effect from 1 September 2017) (Note 2)*	2/2	2/2	–	1/1	1/1	–
Independent Non-executive Directors:						
Mr. Hu Ji Rong	4/4	2/2	3/3	1/1	2/2	1/1
Mr. Wei Xiongwen	4/4	1/2	3/3	1/1	2/2	1/1
Ms. Yu Xiao Min *(Note 3)*	4/4	2/2	1/1	–	–	–
Mr. Zeng Shaoxiao *(Resigned with effect from 1 October 2017) (Note 4)*	1/2	1/2	2/2	1/1	1/1	1/1

Notes:

1. Mr. Wang Jinhuo has been appointed as an executive Director and a member of each of the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee") of the Company with effect from 1 September 2017. He has also been appointed as a member of the corporate governance committee of the Company (the "Corporate Governance Committee") with effect from 1 October 2017. His attendances above were stated by reference to the number of meetings held during his tenure.

2. Mr. Chen Changgai resigned as an executive Director and ceased to be a member of each of the Nomination Committee and the Remuneration Committee with effect from 1 September 2017. His attendances above were stated by reference to the number of meetings held during his tenure.

3. Ms. Yu Xiao Min has been appointed as a member of audit committee of the Company (the "Audit Committee") with effect from 1 October 2017. Her attendance at the meeting of Audit Committee was stated by reference to the number of meeting held during her tenure.

4. Mr. Zeng Shaoxiao resigned as an independent non-executive Director and ceased to be the chairman of the Nomination Committee and a member of each of the Audit Committee, Remuneration Committee and the Corporate Governance Committee with effect from 1 October 2017. His attendances above were stated by reference to the number of meetings held during his tenure.

Board Meetings

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

During the year ended 30 April 2018, the Board held 4 meetings and passed resolutions by way of written resolutions. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings, and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Board minutes are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection by the Directors. All Board members are entitled to have access to Board papers and related materials and have unrestricted access to the advice and services of the Company Secretary, and have the liberty to seek external professional advice upon reasonable request.

General Meetings

During the year ended 30 April 2018, 2 general meetings of the Company were held, being the annual general meeting held on 28 September 2017 and the special general meeting held on 29 June 2017.

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

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Ms. Yu Xiao Min.

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; reviewing, in draft form, the interim and annual reports and accounts of the Group and significant financial reporting judgements contained therein; and overseeing the Company's financial reporting system, and the risk management and internal control systems.

During the year ended 30 April 2018, the Audit Committee held 3 meetings, at which the members of the Audit Committee principally (i) reviewed the Group's financial statements for the year ended 30 April 2017 and recommended the re-appointment of the external auditors; (ii) reviewed the Group's financial statements for the six months ended 31 October 2017; and (iii) recommended to the Board of the engagement of the external auditors to review the Group's financial statements for the year ended 30 April 2017. 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 consolidated financial statements for the year ended 30 April 2018 have been reviewed by the Audit Committee and the Audit Committee is of the opinion that such financial statements are complied with applicable accounting standards, the Listing Rules and other legal requirements and that adequate disclosures have been made.

The Audit Committee also reviewed the Company's financial reporting system, internal control and risk management systems and noted that review of the same shall be carried out annually.

NOMINATION COMMITTEE

The Nomination Committee currently consists of two independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Wang Jinhuo.

The terms of reference of the Nomination 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 Nomination Committee is mainly responsible for reviewing the structure, size and diversity of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and CEO.

The Board adopted a board diversity policy (the "Board Diversity Policy") on 2 September 2013 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 that the progress made towards achieving those objectives will be ascertained. The Nomination Committee will also review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. After assessing the suitability of the Directors' skills and experience relevant to the Company's business, the Nomination Committee considered that the existing Board was suitably qualified with professional backgrounds and/or equipped with extensive expertise for the purposes of providing direction to and oversight of the Group's strategic and business in achieving its objectives.

During the year ended 30 April 2018, the Nomination Committee held 1 meeting and passed resolutions by way of written resolutions, at which the Nomination Committee (i) reviewed the Board structure and composition, (ii) recommended the re-election of retiring Directors, (iii) assessed the independence of the independent non-executive Directors, and (iv) made recommendation on new Director candidate for the Board's approval.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of two independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Wang Jinhuo.

The terms of reference of the Remuneration 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 Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on remuneration packages of the Directors and the senior management with reference to their duties and responsibilities, and the prevailing market conditions.

During the year ended 30 April 2018, the Remuneration Committee held 2 meetings and passed resolution by way of written resolution, at which the Remuneration Committee (i) reviewed the policy and structure of remuneration of the Directors and senior management, (ii) considered and recommended to the Board the remuneration package for the proposed executive Director, and (iii) reviewed and recommended to the Board the proposals for the granting of share options to the executive Directors, senior management and certain employees of the Group.

The Company has adopted a share option scheme on 18 October 2013 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution of the Group. Details of the Share Option Scheme are set out in the Directors' Report. The emolument payable to Directors and senior management will depend on their respective contractual terms under service agreement/appointment letter 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.

The remuneration of the Directors and senior management of the Company for the year ended 30 April 2018, by band is set out below:

Remuneration Band	**Number of individuals**
Nil to HK$1,000,000	9
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	0
Above HK$3,000,001	1

Details of the remuneration of Directors and senior management are set out in notes 8 and 9 to the consolidated financial statements.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Wang Jinhuo.

Terms of reference of the Corporate Governance Committee adopted by the Board are aligned with the code provisions set out in the CG Code.

The Corporate Governance Committee is mainly responsible for developing and renewing the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and making recommendations to the Board; as well as reviewing the Company's disclosure in the Corporate Governance Report and relevant corporate governance matters.

During the year ended 30 April 2018, the Corporate Governance Committee held 1 meeting, at which the Corporate Governance Committee reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of Directors and the Company's compliance with the CG Code.

AUDITORS' REMUNERATION

During the year ended 30 April 2018, the remunerations paid/payable to the Company's auditors, HLB Hodgson Impey Cheng Limited, is set out as follows:

Services rendered	**Fee paid/payable** RMB'000
Audit services	**1,344**
Non-audit services *(Note)*	**9**
	1,353

Note: the non-audit services comprised tax advisory services.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("Uni-1"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs.

Ms. Chan Pui Shan, Bessie ("Ms. Chan"), the representative of Uni-1, was appointed as the Company Secretary on 17 October 2015.

Ms. Pan Yang, accounting manager of the Company, is the primary point of contact at the Company for the Company Secretary.

According to the Rule 3.29 of the Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the year ended 30 April 2018.

SHAREHOLDERS' RIGHTS

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

Shareholders to convene a special general meeting

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-laws and the Companies Act of Bermuda. The procedure shareholders can use to convene a special general meeting 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 registered office 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 change in the Company's constitutional documents during the year ended 30 April 2018.

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 2018, 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 AND RISK MANAGEMENT

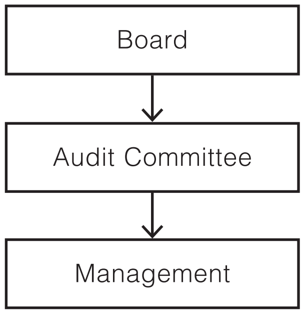
The Board's Responsibilities for the Risk Management and Internal Control Systems

The Board acknowledges that it is responsible for the risk management and internal control systems and oversees such systems on an ongoing basis, while ensuring a review of the effectiveness of these systems of the Group being conducted at least annually. The scope of such review covers all material controls, including financial, operational and compliance controls. The Group's risk management and internal control systems are designed to manage risks rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the year ended 30 April 2018.

Main Features of the Risk Management System

The Company recognises that good risk management is essential for the long-term and sustainable growth of a business. The Group has established a governance structure and the major responsibilities of each role of the structure are summarized below:



Role	**Major Responsibilities**
Board	– determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives;
	– oversees management in the design, implementation and monitoring of the risk management and internal control systems; and
	– oversees the Group's risk management and internal control systems on an ongoing basis and ensures that the Company establishes and maintains appropriate and effective risk management and internal control systems.

Role	Major Responsibilities
Audit Committee	– reviews the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance controls;
	– reviews the emerging risks of the Group annually, and the risk management and the internal controls in place to address those risks;
	– discusses the risk management and internal control systems with management of the Group to ensure that the management of the Group has performed its duty to have an effective systems; and
	– considers major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Group's management's response to these findings.
Management	– designs, implements and ongoing assesses the Group's risk management and internal control systems;
	– gives prompt responses to, and follow up on the findings on risk management and internal control matters as delegated by the Board, on Audit Committee's initiative or raised by the external risk management and internal control review advisor(s); and
	– provides confirmation to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems.

Main Features of the Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

Control Environment	–	a set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
Risk Assessment	–	a dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
Control Activities	–	actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
Information and Communication	–	internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
Monitoring	–	ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

Process used to Identify, Evaluate and Manage Significant Risks

Identification	–	identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
Evaluation	–	analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
Management	–	consider the risk responses, set up dedicated task force to consider relevant alleviating measures as and when necessary, ensure effective communication with the Group (including the Board) and on-going monitor of the residual risks.

Process used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects

Review report of internal control and risk management systems is submitted to the Audit Committee and the Board annually. The Board, through the Audit Committee, performs a review on the effectiveness of the Group's risk management and internal control systems, including, but not limited to, (i) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, (iii) the extent and frequency of communication of monitoring results with the Audit Committee and the Board which enables them to assess control of the Company and the effectiveness of risk management, (iv) significant control failings or weaknesses that have been identified, and (v) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

The Company engaged an external advisory firm to conduct a review on the Group's internal control environment for the year ended 30 April 2018 and assist the Group of the adoption and implementation of the Enterprise Risk Management systems. Results of the review were reported to the Audit Committee and the Board. Based on the findings and recommendations of the external advisory firm and confirmation of the management as well as the recommendation of the Audit Committee, the Board considered the risk management and internal control systems are effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls and risk management functions of the Group were identified. The scope of such review covers the adequacy of resources, training programmes, budgets, qualifications and experience of staff of the Group's accounting and financial reporting functions and their attitude against internal control of the Group. The Board will continue to work with the management to discuss and follow up on the status of remediation of the internal control weaknesses, if any, and to monitor the risks of the Group in the coming years.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

Certain measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include the following:

– the access to information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

– all employees are required to strictly adhere to the employment terms regarding the management of confidential information.

– code names are assigned to confidential projects so that any reference to them would not be linked to the projects themselves to minimize possibilities of unintentional leakage.

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, are likely to be in possession of inside information in relation to the Company, are required to comply with the Model Code.

The Group complies with the requirements of the Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in the announcements or circulars of the Company is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng ("Mr. Sun") (孫少鋒), aged 53, is the founder of the Group, the Chairman, CEO and executive Director. He is also an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules and director of most of the subsidiaries of the Company. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He graduated in July 2002 from Correspondence College of the Central School of the Communist Party of China (中共中央黨校函授學院), majoring in Economics and Management. He has many years of management experience in the agricultural industry. Prior to joining the Group in May 1998, he had worked for the government office of Fuzhou City (福州市委). He is also a committee member of the Chinese People's Political Consultative Conference of the Fujian Province Quanzhou City (中國人民政治協商會議泉州市委員會) and the vice-president of the Hui An County Association of Industry and Commerce (惠安縣工商業聯合會). Mr. Sun's accomplishment is widely recognized by the PRC government. In 2000, he was accredited with the top 10 young entrepreneurs as well as the Model Labour of Quanzhou City. In 2001, he was nominated by the Central Office of the Communist Youth Group (共青團中央辦公廳) as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人). In 2009, he was honorably awarded the "2009 Top 10 Outstanding Chinese Agricultural Economics Industry Entrepreneurs" (「2009中國農經產業十大優秀企業家」) during the "Third Session China Agricultural Economics Industry Development Forum" (「第三屆中國農經產業發展論壇」) ("Forum") and the "2009 China Agricultural Economics Industry Elite Ceremony" (「二零零九中國農經產業傑出人物頒獎典禮」) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum. In 2010, he was honorably awarded the "Award for Outstanding Contribution for Fujian Merchants in Haixi" (「閩商建設海西突出貢獻獎」) by Fujian Provincial People's Government (福建省人民政府). In 2012, he was elected as the representative of the fourteenth Municipal People's Congress of Xiamen City (廈門市第十四屆人民代表大會), and was re-elected as the member of the Municipal Committee of the eleventh Chinese People's Political Consultative Conference of Quanzhou City (第十一屆泉州市政協委員會). In 2016, Mr. Sun served as president of the sixth executive commission (council) of Federation of Industry and Commerce of Huli District, Xiamen City (廈門市湖裡區工商聯第六屆執委(理事)會), and the vice president of the thirteenth session of Federation of Industry and Commerce of Xiamen City (廈門市工商聯). In 2017, Mr. Sun was honorably awarded the "2017 Most Wealthy and Intelligent Figures" (「2017最佳財智人物」) by the sixth China Finance Summit (第六屆中國財經峰會). Mr. Sun is a director of Capital Mate Limited, which is interested in the Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Wang Jinhuo ("Mr. Wang") (王金火), aged 41, was appointed as an executive Director with effect from 1 September 2017, currently also serves as the deputy director of finance division of the Group, mainly responsible for accounting, budget management and financial management of the Group. He graduated from the University of Science and Technology Beijing majoring in financial management. Mr. Wang joined the Group in 2000 and held positions including director of investment division and director of securities division of the Group. He has over 17 years of experience in financial management. He is also a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Ji Rong ("Mr. Hu") (胡繼榮), aged 61, was appointed as an independent non-executive Director on 6 September 2002. Mr. Hu is a professor at Fuzhou University (福州大學) and currently the secretary-general of Fujian Internal Audit Association (福建省內部審計協會). He 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. Mr. Hu holds a Certified Public Accountant license in the PRC. He had been an associate dean in Zhicheng College of the Fuzhou University and the deputy head of Accounting Department in the College of Management of Fuzhou University. Mr. Hu has taken up a number of public service positions including a director of the China Audit Society (中國審計學會), 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 more than 50 articles and research reports in the PRC. He is also the chairman of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

Mr. Wei Xiongwen ("Mr. Wei") (魏雄文), aged 50, was appointed as an independent non-executive Director on 26 August 2013. Mr. Wei graduated from the law faculty of Peking University (now known as "Peking University Law School") in 1988 and was awarded a bachelor's degree in laws. In 2005, he was awarded a degree of executive master of business administration by The City University London, Sir John CASS Business School. In 1989, Mr. Wei was awarded the qualification of China Lawyer practising in corporate finance, financial and capital markets, project finance, mergers and acquisitions and foreign direct investment. He is currently a partner and the head of lawyers of 上海創遠律師事務所 (Shanghai Chong Yuan Law Firm). He is also a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

Ms. Yu Xiao Min ("Ms. Yu") (庾曉敏), aged 49, was appointed as an independent non-executive Director on 1 July 2015. She has extensive international network and substantial business experience in Hong Kong, the PRC, Southeast Asia, North and South America. Ms. Yu was awarded the "Outstanding Entrepreneur of Guangdong Province" by the Guangdong Provincial Executive Association of Entrepreneurs and the "Asia Pacific Entrepreneurship Awards – Most Promising Category" by Enterprise Asia. Ms. Yu holds a master's degree in business administration. Ms. Yu was the chairlady of the board of directors and an executive director of IR Resources Limited, a company whose shares are listed on GEM of the Stock Exchange, from February 2012 to December 2016. She is also a member the Audit Committee.

SENIOR EXECUTIVES

Mr. Lin Bing Wen (林炳文), aged 49, is the general manager of the supply chain center. He joined the Group in January 2001. Prior to joining the Group, Mr. Lin Bing Wen 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 43, is assistant to the president and deputy general manager of supply division of the supply chain center. Ms. Chen Bing Ling 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 56, is the president of the Group. 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 Wen Zhong has strong experience in the on-site management of agricultural cultivation and processing.

Mr. Liu Bin (劉斌), aged 40, is the deputy general manager of prepared frozen food center of the Group. He joined the Group in January 2017. Prior to joining the Group, Mr. Liu was the marketing director of Haocaitou Fujian Food Co., Ltd. (福建好彩頭食品股份有限公司) and the marketing director of Xiamen Culiangwang Beverage Technology Co., Ltd (廈門粗粮王飲品科技有限公司).

Mr. Xiong Hongtao (熊洪濤), aged 50, is assistant to the president of the Group. He is in charge of the industry development department. He accumulated over 20 years of experience in major state-owned enterprises, Fortune 500 foreign companies and major private enterprises in the areas of pharmaceutical, food and beverage, agricultural development and investment. He is well versed in business operation and management theories and marketing management theories and also possesses extensive practical experience. He has been senior consultants in the area of business models and operations to various well-known consulting institutions in Beijing, Guangzhou and Shanghai. Mr. Xiong Hongtao is an expert in corporate business model design, operation management, strategic planning and implementation, management system building and improvement, etc. He is familiar with the design and operation of business model and profit model of consumer goods and agricultural investment enterprises, possesses extensive experience in operation and management of fast moving consumer goods companies and years of experience in providing on-the-job EMBA training. Mr. Xiong Hongtao is familiar with internet marketing and new media marketing and has planned and initiated various new media marketing models and agricultural product e-commerce platforms.

DIRECTORS' REPORT

The Directors are pleased to present to the Shareholders the annual report and audited financial statements of the Group for the year ended 30 April 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investments holding. The activities of its subsidiaries are set out in note 38 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 30 April 2018 by business segments is set out in note 13 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2018 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 91 to 96 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2018 (2017: Nil).

BUSINESS REVIEW

A detailed review on the Group's business performance and the material factors underlying its financial position, as well as the development and likely future prospects of the Group's business are provided throughout this annual report and in particular under the following separate sections:

(a) review of the Company's business and financial position, and development and future prospects of the Company's business are shown in the "Chairman's Statement" and "Management Discussion and Analysis" section of this annual report;

(b) details of key performance indicators are shown in the sections headed "Financial Highlights" and "Management Discussion and Analysis" of this annual report;

(c) the principal risks and uncertainties facing the Group are shown in the section headed "Principal Risks and Uncertainties" below;

(d) the Group's environmental policies and performance are shown in the "Environmental, Social and Governance Report" of this annual report and the section headed "Environmental Policies and Performance" below;

(e) the Group's key relationships with employees, customers and suppliers are shown in the "Environmental, Social and Governance Report" of this annual report and the section headed "Relationships with Key Stakeholders" below; and

(f) the Group's compliance with the relevant laws and regulations are shown in the section headed "Compliance with Laws and Regulations" below and the "Environmental, Social and Governance Report" of this annual report.

These discussions form part of this Directors' Report.

No significant events that have an effect on the Group subsequent to the year ended 30 April 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various risks, including which are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks which may adversely affect the Group are identified, reported, monitored and managed on a continuous basis.

The Group has identified the following key risks that are considered to be significant to the Group, which may adversely and/or materially affect the Group's businesses, financial conditions, results of operations and growth prospects. Key risks relating to the Group's businesses and to the industries in which the Group operates are including but not limited to:

(a) Risk of Unfavourable Weather Conditions and Natural and Man-made Disasters

Potential adverse impact of the unfavourable weather conditions and natural and man-made disasters will affect the growth of agricultural products. The harvest of such agricultural products may be adversely affected by natural disasters including, but not limited to, drought, floods, prolonged periods of rainfall, hailstorm, windstorms, typhoons and hurricanes, fire, diseases, landslides, insect infestation, pests, volcanic eruption or earthquakes, as well as man-made disasters such as environmental pollution, arson, accidents, civil unrest or acts of terrorism. The occurrence of any of the natural or man-made disasters may diminish the supply of the agricultural products, resulting in a significant decrease in sales with an adverse effect on the Group's profitability. The management will consider planting of wind-resisting agricultural products during typhoon season, complete all precautions and consider harvesting before typhoon season commences to minimize the losses.

(b) Risk of Product Prices Fluctuation

Prices of agricultural products depend on supply and demand, macro economy, and purchasing power and confidence of the consumers. Product prices of the Group's agricultural products and hence the Group's financial results may be adversely affected by excessive supply of agricultural products in the markets.

It is therefore important that the Group is aware of any change of economic environment and adjusts the product diversification plan and marketing strategies as well as overall business plan under different market conditions.

(c) Risk of Product Safety and Quality

Product safety and quality are particularly important to the agricultural industry. Failing to maintain tight quality control may lead to the production of low quality products and eventually lead to complaints, claims, product recall, fine and damage to reputation and goodwill.

The Group continues to strive to produce high-quality and safety products through Raw Materials Tracing System and Quality Assurance System.

(d) Risk of Rapid Changes in Economy, Industry and Compliance Environment

There are rapid changes in economy, industry and compliance environment. Mechanism is required to be established to identify and respond to such changes. Specific measures taken to cope with the changes include arranging staff of the legal department to attend seminars and workshops so as to update and refresh their knowledge, give briefings to senior management and relevant employees, provide orientation programme to the new recruits and keep track of the market price movement.

(e) Financial Risk

The Group is exposed to financial risks, including credit, interest rate, currency, liquidity and other price risks. The Group actively and regularly reviews these risks and will adopt measures, if needed, to control and mitigate these risks. For details, please refer to note 35 to the consolidated financial statements.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Company is committed to operating in a sustainable manner while balancing the interests of various stakeholders including the Group's employees, customers, suppliers and the community.

(i) Employees

The Group recognises the value and importance of its employees and has been devoting resources to staff training and review of their development. The Group ensures that all employees are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety. The Group pledges to protect employees' rights and benefits, promote and maintain harmony in its workplace.

(ii) Customers

The Group is committed to providing safe and healthy products to its customers. The Group endeavors to ensure the safety and quality of agricultural products via stringent quality control measures and regular communication with customers.

(iii) Suppliers

The Group has developed long-standing relationships with a number of suppliers. The Group selects the suppliers in a prudent manner and requires them to satisfy certain stringent assessment criteria before provision of raw materials to the Group.

(iv) Community

The Group will continue to contribute to the harmonious society through social contributions and participation in public service activities.

Further discussions on the relationship with key stakeholders is set out in the "Environmental, Social and Governance Report" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Group recognises the importance of good environmental stewardship. The Group implemented green policies to raise energy efficiency and minimise energy consumption.

Further discussions on the environmental policies and performance are set out in the "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with applicable laws and regulations and the risk of non-compliance with such requirements. The Group has implemented system and allocated staff resources to ensure ongoing compliance with applicable laws, rules and regulations.

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. Accordingly, the Group's establishment and operations shall comply with all PRC laws and applicable laws in the jurisdictions where it has operations.

To the best of the Directors' knowledge, information and belief, during the year ended 30 April 2018 and up to the date of this annual report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

Further discussions on the Group's compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" of this annual report.

FIVE-YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five years ended 30 April 2018, as extracted from the audited consolidated financial statements of the Company is set out on page 210 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Subsequent to the Capital Reorganisation took effect on 30 June 2017 and as at 30 April 2018, the authorised share capital of the Company was HK$1,000,000,000 divided into 100,000,000,000 Shares and the issued share capital was HK$69,422,850.77 divided into 6,942,285,077 Shares.

Details of movements in the share capital of the Company during the year ended 30 April 2018, together with the reasons thereof, are set out in the sub-section headed "Capital Structure and Fund Raising Activities" in the "Management Discussion and Analysis" section of this annual report and note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2018 are set out in the consolidated statement of changes in equity on page 95 of this annual report and note 33 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 30 April 2018 are set out in note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's contribution surplus in the amount of approximately RMB1,220,238,000 (2017: approximately RMB688,683,000) is available for distribution to its 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 2018, the reserves of the Company were not available for distribution (2017: Nil). In addition, the Company's share premium account, in the amount of approximately RMB1,153,451,000 at 30 April 2018 (2017: approximately RMB1,153,757,000), may be distributed in the form of fully paid bonus shares.

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 its existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2018.

DIRECTORS

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

Executive Directors

Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Wang Jinhuo *(Appointed with effect from 1 September 2017)*
Mr. Chen Changgai *(Resigned with effect from 1 September 2017)*

Independent Non-executive Directors

Mr. Hu Ji Rong
Mr. Wei Xiongwen
Ms. Yu Xiao Min
Mr. Zeng Shaoxiao *(Resigned with effect from 1 October 2017)*

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Board consisted of not less than three independent non-executive Directors during the year ended 30 April 2018, with an independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. During the year ended 30 April 2018 and as of the date of this annual report, the number of independent non-executive Directors represents more than one-third of the Board as required under the Listing Rules. As such, there is a strong independent element in the Board to provide independent judgement.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE AGREEMENTS

Pursuant to the Bye-laws, Mr. Hu Ji Rong and Ms. Yu Xiao Min will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "2018 AGM").

None of the Directors who are proposed for re-election at the 2018 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.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 68 to 71 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2018, 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 SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

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

(A) Long Positions in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Sun Shao Feng	Interest of controlled corporation	366,546,600 *(Note)*	5.28%

Note: These 366,546,600 Shares are held through Capital Mate Limited ("Capital Mate"), a company incorporated in the British Virgin Islands with limited liability and is an entity controlled by Mr. Sun Shao Feng, an executive Director, the Chairman and the CEO.

(B) Long Positions in the Share Options

Name of Director	Date of grant	Exercise price (HK$)	Exercisable period	Outstanding as at 30 April 2018
Mr. Sun Shao Feng	18 January 2018	0.032	18 January 2018 to 17 January 2028	68,000,000
Mr. Wang Jinhuo	18 January 2018	0.032	18 January 2018 to 17 January 2028	65,000,000

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.

SHARE OPTION SCHEME

On 18 October 2013, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants including Directors, employee or any participant who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds any equity interest as incentives or rewards for their contributions to the Group.

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

(i) The total number of Shares which may be issued and allotted upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed ten (10) per cent. of the Shares in issue on the adoption date of the Share Option Scheme, i.e. 18 October 2013 unless the Company obtains a fresh approval from its Shareholders, and which must not aggregate exceed thirty (30) per cent. of the Shares in issue from time to time. At the annual general meeting held on 30 September 2016, a resolution relating to the refreshment of the Share Option Scheme mandate limit under the Share Option Scheme was passed by the Shareholders as an ordinary resolution of the Company, whereby the total number of the Shares that could be issued upon exercise of all share options that could be granted under the Scheme mandate limit was 694,228,507 Shares, representing 10% of the issued share capital of the Company as at the date of passing such resolution.

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

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

Details of the movement in the share options granted under the Share Option Scheme during the year ended 30 April 2018 are as follows:

Category of participants	Date of grant of share option	Exercise Period	Exercise price (HK$)	Outstanding as at 1 May 2017	Granted during the year	Exercised/ cancelled/ lapsed during the year	Outstanding as at 30 April 2018
Directors							
Mr. Sun Shao Feng	18 January 2018	18 January 2018 to 17 January 2028	0.032	–	68,000,000	–	68,000,000
Mr. Wang Jinhuo	18 January 2018	18 January 2018 to 17 January 2028	0.032	–	65,000,000	–	65,000,000
Sub-total				–	133,000,000	–	133,000,000
Employees							
In aggregate	18 January 2018	18 January 2018 to 17 January 2028	0.032	–	561,228,507	–	561,228,507
Total				–	694,228,507	–	694,228,507

As at 30 April 2018, 694,228,507 Shares are issuable under the Share Option Scheme, representing approximately 10% of the Shares in issue as at 30 April 2018 and the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the section "Share Option Scheme" above, at no time during the year ended 30 April 2018 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 of 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 2018, 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 or short positions in Shares and underlying shares of the Company

Name	Capacity	Position	Number of Shares held	Number of underlying shares held *(Note 5)*	Approximate percentage of the Company's issued share capital *(Note 1)*
Capital Mate *(Note 2)*	Beneficial owner	Long position	366,546,600	–	5.28%
Convoy Collateral Limited *(Note 3)*	Beneficial owner	Long position	–	1,900,000,000	27.37%
Convoy Global Holdings Limited *(Note 3)*	Interest of controlled corporation	Long position	–	1,900,000,000	27.37%
Jun Yang Financial Holdings Limited *(Note 4)*	Interest of controlled corporation	Long position	444,168,000	–	6.40%

Notes:

1. The percentage represents the number of Shares/underlying shares of the Company over the total number of issued Shares as at 30 April 2018 (i.e. 6,942,285,077 Shares).

2. Capital Mate is an entity controlled by Mr. Sun Shao Feng. Hence, Mr. Sun Shao Feng is deemed to be interested in these 366,546,600 Shares owned by Capital Mate.

3. Based on the respective notice of disclosure of interests of Convoy Global Holdings Limited and Convoy Collateral Limited filed with the Stock Exchange on 21 February 2017, these interests are held by Convoy Collateral Limited, which is wholly-owned by Convoy (BVI) Limited, which is in turn wholly-owned by Convoy Global Holdings Limited.

4. Based on the notice of disclosure of interests of Jun Yang Financial Holdings Limited filed with the Stock Exchange on 22 September 2016, these interests are held by Classictime Investments Limited, which is a wholly-owned subsidiary of Jun Yang Financial Holdings Limited.

5. The number of underlying shares of the Company held includes the maximum number of conversion shares to be issued upon full exercise of the conversion rights attaching to the amended and restated HK$190,000,000 zero coupon convertible notes due 2019 issued by the Company on 17 February 2017.

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 Share or underlying shares of the Company as at 30 April 2018.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

There was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director, an entity connected with a Director or a controlling shareholder (as defined in the Listing Rules) of the Company had, whether directly or indirectly, a material interest subsisted, at the end of the year or at any time during the year ended 30 April 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2018, 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 AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 April 2018, the Group had not entered into any transactions which constituted non-exempt connected transactions or non-exempt continuing connected transactions under the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended 30 April 2018, the Group had entered into certain related party transactions but these transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in note 40 to the consolidated financial statements.

RETIREMENT SCHEME ARRANGEMENT

Particulars of the Group's retirement scheme are set out in note 12 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 46.28% of the Group's purchase and the largest supplier to the Group was approximately 11.91% of the Group's purchase for the year ended 30 April 2018.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 22.22% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 10.56% of the Group's turnover for the year ended 30 April 2018.

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

PERMITTED INDEMNITY

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The Bye-laws provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Save for the above, at no time during the year ended 30 April 2018 and up to the date of this annual report, there was any permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or any of the directors of an associated company (if made by the Company).

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 ended 30 April 2018 and up to the date of this annual report.

DONATION

During the year ended 30 April 2018, the Group made charitable donations amounting to RMB300,000 (2017: RMB10,000) in the PRC.

AUDITORS

A resolution will be proposed at the 2018 AGM to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2018 AGM is scheduled to be held on Friday, 12 October 2018. A notice convening the 2018 AGM will be issued and dispatched to the Shareholders on Friday, 31 August 2018.

For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 8 October 2018 to Friday, 12 October 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2018 AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 October 2018.

On behalf of the Board

China Green (Holdings) Limited
Sun Shao Feng
Chairman
Hong Kong, 27 July 2018

INDEPENDENT AUDITORS' REPORT

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

To the shareholders of China Green (Holdings) Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Green (Holdings) Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 91 to 209, which comprise the consolidated statement of financial position as at 30 April 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of fresh produce and processed products business

Refer to note 17 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
The Group has property, plant and equipment, long term prepaid rentals and interest in leasehold land held for own use under operating leases of approximately RMB910,665,000, RMB671,062,000 and RMB98,763,000 relating to the fresh produce and processed products business as at 30 April 2018 respectively. Management performed impairment assessment and concluded that an impairment loss on properties, plant and equipment and long term prepaid rentals of approximately RMB108,483,000 and RMB92,380,000 was recognised respectively. This conclusion was based on value in use model that required significant management judgement with respect to the discount rate and the underlying cashflows, in particular future revenue growth and capital expenditure. Independent external valuation were obtained in order to support management's estimates.	Our procedures in relation to management's impairment assessment of property, plant and equipment, long term prepaid rentals and interest in leasehold land held for own use under operating leases included: • Evaluating of the independent valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts; • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking, on sampling basis, the accounting and relevance of the input data used. We found the key assumptions were supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body in accordance with section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 27 July 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2018

	Notes	2018 RMB'000	2017 RMB'000
Turnover	4	**506,416**	221,885
Cost of sales		**(439,173)**	(302,504)
Gross profit/(loss)		**67,243**	(80,619)
Other revenue	5(a)	**6,995**	23,940
Other gains and losses	5(b)	**77,543**	31,699
Gain arising from changes in fair value less costs to sell of biological assets		**3,239**	3,157
Impairment loss on property, plant and equipment	14	**(108,483)**	(519,304)
Impairment loss on long-term prepaid rentals	16	**(92,380)**	(204,454)
Selling and distribution expenses		**(23,860)**	(33,182)
General and administrative expenses		**(370,278)**	(276,178)
Impairment loss recognised on investment in an associate	18	**(21,825)**	–
Share of loss of an associate	18	**(4,990)**	–
Loss from operations		**(466,796)**	(1,054,941)
Finance costs	6(a)	**(44,650)**	(79,801)
Loss before taxation	6	**(511,446)**	(1,134,742)
Income tax	7	**(29,749)**	(12,074)
Loss for the year attributable to owners of the Company		**(541,195)**	(1,146,816)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2018

	Notes	2018 RMB'000	2017 RMB'000
Other comprehensive income/(loss) 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		**17,916**	(21,109)
Exchange differences on translation of financial statements of investment in an associate		**(470)**	–
Revaluation increase on available-for-sale financial assets		**1,916**	–
Reclassification to profit or loss on disposal of available-for-sale financial assets		**(1,916)**	–
Total comprehensive loss for the year attributable to owners of the Company		**(523,749)**	(1,167,925)
Loss per share attributable to owners of the Company (RMB cents)			
– Basic	11	**(7.80)**	(21.56)
– Diluted		**(7.80)**	(21.56)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2018

	Notes	2018 RMB'000	2017 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	14	**1,055,131**	1,137,541
– Interests in leasehold land held for own use under operating leases	15	**117,132**	120,171
Long-term prepaid rentals	16	**634,361**	296,497
Investment in an associate	18	**3,326**	–
Investment in a joint venture	19	**780**	–
Deposit paid for property, plant and equipment		**–**	90,079
Available-for-sale financial assets	20	**10,070**	33,748
		1,820,800	1,678,036
Current assets			
Inventories	21	**5,656**	911
Biological assets	22	**11,112**	16,444
Current portion of long-term prepaid rentals	16	**36,701**	38,946
Trade and other receivables	23	**168,810**	142,901
Financial assets at fair value through profit or loss	24	**–**	5,475
Pledged bank deposits	25	**1,400**	130,000
Cash and cash equivalents	26	**475,965**	1,357,295
		699,644	1,691,972
Assets classified as held for sale	27	**–**	49,760
		699,644	1,741,732
Current liabilities			
Trade and other payables	28	**100,783**	154,949
Bank borrowings	29	**320,000**	631,300
Income tax payable	30	**17,804**	17,804
Derivative financial liability	31(c)	**233**	5,575
Amount due to a director	32	**6,675**	–
		445,495	809,628

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2018

	Notes	2018 RMB'000	2017 RMB'000
Net current assets		**254,149**	932,104
Total assets less current liabilities		**2,074,949**	2,610,140
Non-current liabilities			
Deferred tax liabilities	30	**69,581**	69,581
Convertible bonds/notes	31	**124,141**	116,227
Bank borrowings	29	**–**	30,000
		193,722	215,808
Net assets		**1,881,227**	2,394,332
Capital and reserves			
Share capital	33	**59,062**	590,615
Reserves		**1,822,165**	1,803,717
Total equity attributable to owners of the Company		**1,881,227**	2,394,332

Approved and authorised for issue by the board of directors on 27 July 2018.

Sun Shao Feng
Director

Wang Jinhuo
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2018

	Attributable to owners of the Company										
	Share capital	**Share premium**	**PRC statutory reserves**	**Available-for-sale financial assets reserve**	**Share-based payment reserve**	**Merger reserve**	**Contribution surplus**	**Convertible bonds reserve**	**Exchange reserve**	**Retained profits/ (accumulated loss)**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 May 2016	98,571	1,172,019	249,850	–	–	14,694	394,281	40,071	(158,205)	1,277,194	3,088,475
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	(21,109)	–	(21,109)
Loss for the year	–	–	–	–	–	–	–	–	–	(1,146,816)	(1,146,816)
Total comprehensive loss for the year	–	–	–	–	–	–	–	–	(21,109)	(1,146,816)	(1,167,925)
Redemption of the convertible bonds	–	–	–	–	–	–	–	(40,071)	–	40,071	–
Issue of shares upon placing, net of transaction cost	492,044	(18,262)	–	–	–	–	–	–	–	–	473,782
As at 30 April 2017 and 1 May 2017	590,615	1,153,757	249,850	–	–	14,694	394,281	–	(179,314)	170,449	2,394,332
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	17,916	–	17,916
Exchange differences on translation of financial statements of investment in an associate	–	–	–	–	–	–	–	–	(470)	–	(470)
Revaluation increase on available-for-sale financial assets	–	–	–	1,916	–	–	–	–	–	–	1,916
Reclassification to profit or loss on disposal of available-for-sale financial assets	–	–	–	(1,916)	–	–	–	–	–	–	(1,916)
Loss for the year	–	–	–	–	–	–	–	–	–	(541,195)	(541,195)
Total comprehensive loss for the year	–	–	–	–	–	–	–	–	17,446	(541,195)	(523,749)
Capital reorganisation	(531,553)	–	–	–	–	–	531,553	–	–	–	–
Transaction cost related to capital reorganisation	–	(306)	–	–	–	–	–	–	–	–	(306)
Equity-settled share-based transaction	–	–	–	–	10,950	–	–	–	–	–	10,950
As at 30 April 2018	59,062	1,153,451	249,850	–	10,950	14,694	925,834	–	(161,868)	(370,746)	1,881,227

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2018

	Notes	2018 RMB'000	2018 RMB'000	2017 RMB'000	2017 RMB'000
Operating activities					
Cash used in operations	26		**(280,424)**		(280,365)
PRC enterprise income tax paid	30(a)		**(29,749)**		(13,131)
Net cash used in operating activities			**(310,173)**		(293,496)
Investing activities					
Payment for purchase of fixed assets		**(44,662)**		(105,004)	
Payment for long-term prepaid rentals		**(470,400)**		–	
Deposit paid for property, plant and equipment		**–**		(90,079)	
Proceeds from disposals of subsidiaries, net of cash disposed		**179,037**		–	
Increase in investment in an associate		**(30,611)**		–	
Increase in investment in a joint venture		**(780)**		–	
Decrease in available-for-sale financial assets		**26,604**		7,556	
Decreased in pledged bank deposits		**128,600**		157,231	
Interest received		**3,668**		38,391	
Dividend income from financial assets at fair value through profit or loss		**247**		1,022	
Net cash (used in)/generated from investing activities			**(208,297)**		9,117
Financing activities					
Payment of redemption of convertible bonds		**–**		(556,722)	
Issue of shares under placing, net of transaction cost		**–**		473,782	
Payment of capital reorganisation		**(306)**		–	
Increase in borrowings		**290,000**		451,300	
Repayment in borrowings		**(631,300)**		(579,630)	
Interest paid		**(25,495)**		(100,369)	
Net cash used in financing activities			**(367,101)**		(311,639)
Net decrease in cash and cash equivalents			**(885,571)**		(596,018)
Cash and cash equivalents at 1 May			**1,357,295**		1,961,542
Effect of foreign exchange rate changes			**4,241**		(8,229)
Cash and cash equivalents at 30 April			**475,965**		1,357,295
Analysis of balances of cash and cash equivalents					
Cash and cash equivalents			**475,965**		1,357,295

1. GENERAL INFORMATION

China Green (Holdings) Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong, respectively.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 38 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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 and by the Hong Kong Companies Ordinance (the "HKCO").

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 that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, 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, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, for financial reporting purposes, fair value measurements 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 measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

Basis of consolidation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, the a gain or loss is recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Subsidiaries

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.

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exits only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates and joint ventures (continued)

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interests in associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interests if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

– other items of plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Depreciation is calculated to write off the cost 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. or over the lease terms
Leasehold improvements	5%-20% p.a. or over the lease terms
Machinery	5%-10% p.a.
Furniture, fixtures and office equipment	5%-20% p.a.
Motor vehicles	20%-30% p.a.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of 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.

– Investments in associate and joint venture

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

– Calculation of recoverable amount

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

– 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 for inventories price less all estimated costs of completion and costs necessary to make the sale.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial 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 or 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 the following specified categories: financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and 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.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

A financial asset is classified as held for trading if: (continued)

- 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 financial assets 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; 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; or

- 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 financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other gain and losses line item. Fair value is determined in the manner described in Note 24.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as any of other categories.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sales financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale financial assets reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale financial assets reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loan and receivables (including loan receivable, 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.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its costs is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimate future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of available-for-sale financial assets reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial liabilities and equity instruments

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

Equity instruments

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.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds contain equity component

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date if issue, the fair value of the liability component is estimated by measuring the fair value of similar liability that does not have an associated equity component.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Convertible bonds contain equity component (continued)

The conversion option classified as equity is determined by deducting the amount of the liability component form the fair value of the component instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to remained profits. No gain or loss is recognised in profit of loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Convertible notes contain debt and derivative components

A conversion option that will be settled other than by the exchange of a fixed amount of cash of another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative component are recognised at fair value. In subsequent periods, the debt component of the convertible note is carried at amortised cost using the effective interest method. The derivative component is measured at the fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction cost relating to the derivative components are charged to profit or lose immediately. Transaction cost relating to the debt components are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

Derivative financial instruments

Derivative are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Embedded derivatives

Derivative embedded in non-derivative host contracts are treated as separates derivative when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at financial assets at fair value through profit or loss. Generally, multiple embedded derivative in a single instrument are treated as a single compound embedded derivative unless those derivative relate to different risk exposures and are readily separable and independent of each other.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises is retained interest in the asset and an associated liability for amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognises the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

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

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by using equity instrument, it is accounted for as an extinguished of the original financial liability and recognition of equity instrument at the fair value upon issue with the difference, being the carrying amount of the financial liability (or part of a financial liability) extinguished and the consideration paid, recognised to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition (continued)

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification form the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in profit or loss.

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.

Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(ii) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to retained profits. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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 non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured;when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

(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.

(ii) Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(iii) Rental income

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

(iv) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use of sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions (continued)

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

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

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

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

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

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

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

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

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

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

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.

Non-current assets held for sale

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

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

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

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

In the current year, the Group has applied, for the first time, a number of the new and revised standards, amendments and interpretations ("New and Revised HKFRSs") (which included all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the HKICPA, that are relevant to its operations and effective for annual periods beginning on or after 1 May 2017. A summary of the New and Revised HKFRSs are set out as below:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As Part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments HKFRSs and HKAS in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in the Group's consolidated financial statements.

HKAS 7 (Amendments) "Disclosure initiative"

The Group has applied the amendments to HKAS 7 "Disclosure initiative" for the first time in the current year. The amendments to HKAS 7 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRSs is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance. The Group has applied these amendments retrospectively. The presentation of disclosure note relating to retirement benefit costs has been revised due to immaterial amount reported. Other than the above-mentioned presentation and disclosure changes, the application of the amendments to HKAS 7 has not resulted in any material impact on the financial performance or financial position of the Group in the consolidated financial statements of the Group.

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

New and Revised HKFRSs in issue but not yet effective

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

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	As part of the Annual Improvements 2014-2016 Cycle[1]
Amendments to HKAS 28	Investments in Associates and Joint Venture[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainly Over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2019.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2021.

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

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 are described below:

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

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

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and

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

HKFRS 9 *Financial Instruments* (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

(a) Classification and measurement

The Group's available-for-sale investments that are not held for trading and are currently stated at cost less impairment, The Group will make an irrevocable election to present in other comprehensive income the changes in fair value.

For other financial assets and financial liabilities, the directors of the Company expect to continue recognise initially at fair value for other financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade, bills and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9. Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 will not have other material impact on amounts reported in the Group's consolidated financial statements.

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

HKFRS 15 *Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

(a) Identify the contract(s) with a customer

(b) Identify the performance obligations in the contract

(c) Determine the transaction price

(d) Allocate the transaction price to each performance obligation

(e) Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group's revenue recognition policies are disclosed in note 2. Management has assessed the effects of applying the new standard on the Group's financial statements and does not expect a significant impact on the recognition of revenue but will result in more disclosures.

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

HKFRS 16 "Leases"

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statement of financial position. Instead, all long-term leases must be recognised in the statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statement of financial position. In the income statement, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the financial year ending 31 April 2020. HKFRS 16 will primarily affect the accounting for the Group's operating leases. At 30 April 2018, the Group had non-cancellable operating lease commitments of RMB1,106,475,000. Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term.

Management is in the process of making an assessment of the impact of other new standards, amendments to standards and interpretations and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

4. TURNOVER

During the years ended 30 April 2018 and 2017, the Group was principally engaged in the growing, processing and sales of agricultural products, production and sales of consumer food products.

Turnover represents sales value of agricultural products and consumer food 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 follow:

	2018	2017
	RMB'000	RMB'000
Fresh produce and processed products	**476,168**	207,712
Branded food products and others	**30,248**	14,173
	506,416	221,885

5. OTHER REVENUE AND OTHER GAINS AND LOSSES

(a) Other revenue

	2018	2017
	RMB'000	RMB'000
Interest income on financial assets not at fair value through profit or loss		
– interest income from banks	**3,668**	21,212
– interest income from loan receivables	**3,000**	–
Rental income	**–**	1,080
Government grant received (Note i)	**–**	100
Sundry income	**80**	526
Dividend income from financial assets at fair value through profit or loss	**247**	1,022
	6,995	23,940

5. OTHER REVENUE AND OTHER GAINS AND LOSSES (continued)

(a) Other revenue (continued)

Note:

i) Government grant received represents various form of subsidiaries granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business support and awarded to the enterprises on a discretionary basis. There are no unfulfilled conditions or contingencies relating to these government grants recognised for the year ended 30 April 2017.

(b) Other gains and losses

	2018	2017
	RMB'000	RMB'000
Impairment loss recognised on available-for-sale financial assets	**(988)**	(18,581)
Net loss on financial assets at fair value through profit or loss	**(596)**	(4,389)
Net gain on disposal of available-for-sale financial assets	**1,755**	–
Gain on final settlement on disposal of a subsidiary related to beverage business operations (Note i)	**72,058**	–
Exchange gain, net	**272**	11,669
Loss on financial liability extinguished	**–**	(59,392)
Loss on convertible notes extinguished	**–**	(26,588)
Fair value change in derivative financial liability	**5,046**	136,088
Gain on disposal of a subsidiary	**2**	–
Loss on written-off of inventories	**(6)**	(7,108)
	77,543	31,699

5. OTHER REVENUE AND OTHER GAINS AND LOSSES (continued)

(b) Other gains and losses (continued)

Note:

(i) Pursuant to the amended and restated equity transfer agreement ("Amended and Restated Equity Transfer Agreement") dated 28 February 2016 entered into between, among others, the Company, 中綠之源(廈門)貿易有限公司(China Green Resources (Xiamen) Sales Co., Ltd.*) (the "Seller") and 可口可樂飲料(上海)有限公司(Coca-Cola Beverages (Shanghai) Company Limited*) (the "Purchaser") relating to the disposal of廈門粗粮王飲品科技有限公司(Xiamen Culiangwang Beverage Technology Co., Ltd.*) ("Xiamen Culiangwang") ("Disposal"), US$150 million was held in escrow on the date of completion of the Disposal (i.e. 23 March 2016) until the satisfaction of certain conditions stipulated in the Amended and Restated Equity Transfer Agreement. On 9 August 2017, the Company entered into a settlement agreement with, among others, the Purchaser (the "Settlement Agreement") for the full and final settlement of outstanding payment amount due from each party under the Disposal, including the release the US$150 million held in escrow account. Under the terms of the Settlement Agreement, the Group is entitled to receive US$10,000,000 with all accrued interest (equivalent to approximately RMB65,341,000) from the escrow account and the sum of RMB63,933,926 representing net amount of VAT input credit reimbursed by the Purchaser less amount payable by the Seller to the Purchaser according to the Amended and Restated Equity Transfer Agreement. For details of the Amended and Restated Equity Transfer Agreement and the Settlement Agreement, please refer to the Company's announcements dated 29 February 2016, 23 March 2016, 26 March 2017 and 9 August 2017 and the Company's circular dated 7 March 2016.

As a result, the Group recognised gain amounting to approximately RMB72,058,000, which represented the difference between the total proceeds from the Settlement Agreement of approximately RMB129,275,000 and the other receivables amounting to approximately RMB112,911,000 netting-off the other payables amounting to approximately RMB55,694,000 related to the Disposal recognised as at 30 April 2016.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

		2018 RMB'000	2017 RMB'000
(a)	**Finance costs**		
	Interest on borrowings wholly repayable within five years		
	– interest on convertible bonds/notes	**19,155**	30,342
	– interest on other borrowing	**–**	7,203
	– interest on bank borrowings	**25,495**	42,256
		44,650	79,801
(b)	**Staff costs**		
	Contributions to defined contribution retirement plans	**1,753**	1,539
	Share-based payment expenses	**10,590**	–
	Salaries, wages and other benefits	**29,531**	38,070
		41,874	39,609
(c)	**Other items**		
	Amortisation of interests in leasehold land held for own use under operating leases	**3,038**	3,038
	Amortisation of long-term prepaid rentals	**42,401**	63,745
	Depreciation of property, plant and equipment	**108,647**	98,166
	Operating lease charges: minimum lease payment		
	– property rentals	**855**	683
	Auditors' remuneration		
	– audit services	**1,344**	1,392
	– non-audit services	**9**	9
	Cost of inventories sold	**439,173**	302,504
	Loss on disposal of property, plant and equipment	**–**	436

7. INCOME TAX

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

	2018 RMB'000	2017 RMB'000
Current tax – Enterprise Income Tax in the PRC		
– Provision for the year	**29,749**	13,131
Deferred tax		
Origination and reversal of temporary differences (Note 30(b))	**–**	(1,057)
Total income tax expenses recognised in profit or loss	**29,749**	12,074

Notes:

(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 for both years.

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 2018 and 2017 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 at applicable tax rates:

	2018		2017	
	RMB'000	**%**	RMB'000	%
Loss before taxation	**(511,446)**		(1,134,742)	
Notional tax on loss before taxation, calculated at rates applicable to loss in the countries concerned	**(110,001)**	**(21.5)**	(281,621)	(24.8)
Tax effect of operating loss of Group companies not subject to income tax	**6,026**	**1.2**	10,654	0.9
Tax effect of share of loss of an associate	**823**	**0.2**	–	–
Tax effect of non-taxable income	**(3,417)**	**(0.7)**	(24,550)	(2.2)
Tax effect of profit exempted from income tax as a result of tax benefit	**–**	**–**	(229)	–
Tax effect of unused tax losses not recognised	**82,357**	**16.1**	109,295	9.6
Tax effect of non-deductible expenses	**53,961**	**10.5**	198,525	17.5
Taxation charge	**29,749**	**5.8**	12,074	1.0

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 2018					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director						
Sun Shao Feng	–	5,629	1,073	16	469	7,187
Executive directors						
Chen Changgai (resigned on 1 September 2017)	–	421	–	4	45	470
Wang Jinhuo (appointed on 1 September 2017)	–	594	1,025	6	41	1,666
Independent non-executive directors						
Hu Ji Rong	101	–	–	–	8	109
Zeng Shaoxiao (resigned on 1 October 2017)	42	–	–	–	6	48
Yu Xiao Min	101	–	–	–	8	109
Wei Xiongwen	101	–	–	–	8	109
	345	6,644	2,098	26	585	9,698

8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2017					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director						
Sun Shao Feng	–	5,810	–	8	484	6,302
Executive director						
Chen Changgai	–	2,024	–	8	169	2,201
Independent non-executive directors						
Hu Ji Rong	105	–	–	–	9	114
Zeng Shaoxiao	105	–	–	–	9	114
Yu Xiao Min	105	–	–	–	9	114
Wei Xiongwen	105	–	–	–	9	114
	420	7,834	–	16	689	8,959

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 2018 and 2017.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with highest emoluments, two (2017: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2017: three) individuals are as follows:

	2018	2017
	RMB'000	RMB'000
Salaries and other emoluments	**1,916**	2,131
Discretionary bonuses	**204**	186
Retirement scheme contributions	**38**	46
	2,158	2,363

The emoluments of the three (2017: three) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2018	2017
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-841,150	**2**	2
1,000,001-1,500,000	841,151-1,261,730	**–**	–
1,500,001-2,000,000	1,261,731-1,682,310	**1**	1
		3	3

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

(b) Senior executives of the Company

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

		Number of individuals	
		2018	2017
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-841,150	**4**	5
1,000,001-1,500,000	841,151-1,261,730	**–**	–
above 1,500,000	above 1,261,730	**2**	–
		6	5

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 years ended 30 April 2018 and 2017.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2018 (2017: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the following data:

(i) Loss attributable to owners of the Company

	2018	2017
	RMB'000	RMB'000
Loss attributable to owners of the Company used to determine basic and diluted loss per share	**(541,195)**	(1,146,816)

(ii) Number of shares

	Number of ordinary shares	
	2018	2017
Weighted average number of ordinary shares for calculation of basic and diluted loss per share	**6,942,285,077**	5,319,682,337

(b) Diluted loss per share

Diluted loss per share for the years ended 30 April 2018 and 2017 was the same as the basic loss per share.

For the years ended 30 April 2018 and 2017, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible notes since the effect of such conversion was anti-dilutive.

For the year ended 30 April 2018, the computation of diluted loss per share did not assume the exercise of outstanding share options granted during the year since the effect of such exercise was anti-dilutive.

12. 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 Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. 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 2018, the Group's retirement plan contributions amounted to approximately RMB1,753,000 (2017: RMB1,555,000).

13. 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 resources allocation and performance assessment, the Group has identified the following two reportable segments in accordance with HKFRS 8 presented as follows:

- Fresh produce and processed products: this segment grows, processes and sells agricultural 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.

13. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 30 April 2018 and 2017 is set out below:

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

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

The measure used for reporting segment loss is "adjusted operating loss". To arrive at "adjusted operating loss", the Group's loss 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 loss. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

13. SEGMENT REPORTING (continued)

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

	Fresh produce and processed products		Branded food products and others		Total	
	2018 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Revenue from external customers	**476,168**	207,712	**30,248**	14,173	**506,416**	221,885
Inter-segment revenue	**9,929**	10,098	**–**	–	**9,929**	10,098
Reportable segment revenue	**486,097**	217,810	**30,248**	14,173	**516,345**	231,983
Reportable segment loss	**(380,467)**	(862,695)	**(11,112)**	(9,222)	**(391,579)**	(871,917)
Interest income	**1,415**	2,006	**3**	3	**1,418**	2,009
Depreciation and amortisation	**140,422**	148,150	**361**	3,043	**140,783**	151,193
Income tax	**–**	(948)	**–**	70	**–**	(878)
Reportable segment assets	**2,203,428**	2,156,425	**15,013**	36,507	**2,218,441**	2,192,932
Gain arising from changes in fair value less costs to sell of biological assets	**3,239**	3,157	**–**	–	**3,239**	3,157
Finance costs	**972**	243	**–**	156	**972**	399
Impairment loss on property, plant and equipment	**101,373**	514,379	**7,110**	–	**108,483**	514,379
Impairment loss on long-term prepaid rentals	**92,380**	204,454	**–**	–	**92,380**	204,454
Additions to non-current assets during the year	**596,293**	105,004	**8,848**	–	**605,141**	105,004
Written-off of inventories	**6**	7,108	**–**	–	**6**	7,108
Deposit for property, plant and equipment	**–**	90,079	**–**	–	**–**	90,079
Reportable segment liabilities	**38,709**	67,947	**2,484**	22,482	**41,193**	90,429

13. SEGMENT REPORTING (continued)

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

	2018 RMB'000	2017 RMB'000
Revenue		
Reportable segment revenue	**516,345**	231,983
Elimination of inter-segment revenue	**(9,929)**	(10,098)
Consolidated turnover	**506,416**	221,885
Profit or loss		
Reportable segment loss derived from Group's external customers	**(391,579)**	(871,917)
Finance costs	**(43,678)**	(79,402)
Finance income	**5,250**	19,203
Other revenue and gain	**599**	14,397
Impairment loss recognised on investment in an associate	**(21,825)**	–
Share of loss of an associate	**(4,990)**	–
Gain on disposal of a subsidiary	**2**	–
Gain on final settlement on disposal of a subsidiary related to beverage business operations	**72,058**	–
Net gain on disposal of available-for-sale financial assets	**1,755**	–
Impairment loss on available-for-sale financial assets	**(988)**	(18,581)
Impairment loss on property, plant and equipment	**–**	(4,925)
Net loss on financial assets at fair value through profit or loss	**(596)**	(4,389)
Unallocated depreciation and amortisation	**(13,303)**	(13,756)
Unallocated head office and corporate expenses	**(119,197)**	(225,480)
Loss on financial liability extinguished	**–**	(59,392)
Loss on convertible notes extinguished	**–**	(26,588)
Fair value change in derivative financial liability	**5,046**	136,088
Consolidated loss before taxation	**(511,446)**	(1,134,742)

13. SEGMENT REPORTING (continued)

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

	2018 RMB'000	2017 RMB'000
Assets		
Reportable segment assets	**2,218,441**	2,192,932
Unallocated head office and corporate assets:		
– Fixed assets	**165,873**	177,835
– Pledged bank deposits	**1,400**	130,000
– Cash and cash equivalents	**8,544**	691,239
– Other assets	**126,186**	227,762
Consolidated total assets	**2,520,444**	3,419,768
Liabilities		
Reportable segment liabilities	**41,193**	90,429
Convertible notes	**124,141**	116,227
Derivative financial liability	**233**	5,575
Deferred tax liabilities	**69,581**	69,581
Bank borrowings	**300,000**	641,300
Unallocated head office and corporate liabilities	**104,069**	102,324
Consolidated total liabilities	**639,217**	1,025,436

13. SEGMENT REPORTING (continued)

(c) Geographical information

During the years ended 30 April 2018 and 2017, the Group mainly operated in the PRC and all of the Group's revenue was derived from the PRC, most of the non-current assets of the Group were located in the PRC as at 30 April 2018 and 2017. No analysis of the Group's result and assets by geographical area is disclosed.

(d) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2018 RMB'000	2017 RMB'000
Customer A	**–**[1]	22,915[2]
Customer B	**53,482**[2]	–[1]

1 The corresponding customer did not contribute over 10% or more to the Group's revenue in respective year.

2 Revenue from fresh produce and processed products.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings (Note i) RMB'000	Infrastructure on cultivation bases RMB'000	Leasehold improvement RMB'000	Machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress (Note ii) RMB'000	Total RMB'000
Cost:								
At 1 May 2016	470,347	730,933	76,673	449,556	26,421	8,017	1,109,868	2,871,815
Exchange realignment	–	–	–	–	35	–	–	35
Additions	–	–	19,200	52	107	–	85,645	105,004
Reclassified as asset held for sales	–	–	–	–	–	–	(54,685)	(54,685)
Transfer	–	949,129	–	–	–	–	(949,129)	–
Disposals	(210)	(1,927)	–	(267)	(364)	–	–	(2,768)
At 30 April 2017 and 1 May 2017	470,137	1,678,135	95,873	449,341	26,199	8,017	191,699	2,919,401
Exchange realignment	–	–	–	–	(53)	–	–	(53)
Additions	–	35,897	1,453	1,006	80	–	96,305	134,741
Transfer	1,766	166,298	–	115	–	–	(168,179)	–
At 30 April 2018	471,903	1,880,330	97,326	450,462	26,226	8,017	119,825	3,054,089
Accumulated depreciation and impairment loss:								
At 1 May 2016	238,519	376,004	74,516	355,369	20,793	5,170	101,237	1,171,608
Exchange realignment	–	–	–	–	39	–	–	39
Charge for the year	14,337	67,108	6,300	8,933	717	771	–	98,166
Impairment loss recognised in profit or loss	4,033	506,762	–	2,561	573	62	5,313	519,304
Asset classified as held for sales (Note 27)	–	–	–	–	–	–	(4,925)	(4,925)
Eliminated on disposal assets	(156)	(1,564)	–	(266)	(346)	–	–	(2,332)
At 30 April 2017 and 1 May 2017	256,733	948,310	80,816	366,597	21,776	6,003	101,625	1,781,860
Exchange realignment	–	–	–	–	(32)	–	–	(32)
Charge for the year	15,840	68,538	6,325	16,870	401	673	–	108,647
Impairment loss recognised in profit or loss	823	101,108	–	936	231	3	5,382	108,483
At 30 April 2018	273,396	1,117,956	87,141	384,403	22,376	6,679	107,007	1,998,958
Carrying amount:								
At 30 April 2018	**198,507**	**762,374**	**10,185**	**66,059**	**3,850**	**1,338**	**12,818**	**1,055,131**
At 30 April 2017	213,404	729,825	15,057	82,744	4,423	2,014	90,074	1,137,541

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

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

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

	2018	2017
	RMB'000	RMB'000
Cost of machinery pending installation	**2,748**	7,090
Infrastructure	**10,070**	82,984
	12,818	90,074

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 16.

(iii) Impairment loss recognised in the current year

As the continuing loss in the financial performance of the Group's fresh produce and processed products segment for the years ended 30 April 2018 and 2017. The Group carried out a review of the recoverable amount that the property, plant and equipment. Please refer to Note 17 for details.

During the year, the impairment loss recognised on property, plant and equipment of approximately RMB108,483,000 (2017: RMB519,304,000) which are located in PRC. The impairment losses have been included in the consolidated statement of profit or loss and other comprehensive income.

(iv) Buildings with a carrying amount of approximately RMB90,768,000 (2017: RMB109,708,000) have been pledged to secure banking facilities granted to the Group.

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

	2018 RMB'000	2017 RMB'000
Cost:		
At 1 May and 30 April	**217,466**	217,466
Accumulated amortisation and impairment loss:		
At 1 May	**94,258**	91,220
Amortisation for the year	**3,038**	3,038
At 30 April	**97,296**	94,258
Carrying amount:		
At 30 April	**120,170**	123,208

As at 30 April 2018, the non-current portion of interests in leasehold land held for own use under operating leases is approximately RMB117,132,000 (2017: RMB120,171,000).

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

(i) Impairment loss recognised in the current year

As a result of the continuing loss in the financial performance of the Group's fresh produce and processed products segment for the years ended 30 April 2018 and 2017, the Group carried out a review of the recoverable amount that the interests in leasehold land held for own use under operating leases. Please refer to Note 17 for details.

During the years ended 30 April 2018 and 2017, no impairment loss recognised on interest in leasehold land held for own use under operating lease since their carrying amounts were less than the recoverable amount as at 30 April 2018 and 2017.

(ii) Interests in leasehold land held for own use under operating leases with a carrying amount of approximately RMBnil (2017: RMB18,470,000) have been pledged to secure banking facilities granted to the Group.

16. LONG-TERM PREPAID RENTALS

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

	2018	2017
	RMB'000	RMB'000
Cost:		
At 1 May	**1,095,232**	1,095,232
Addition	**470,400**	–
At 30 April	**1,565,632**	1,095,232
Accumulated amortisation and impairment loss:		
At 1 May	**759,789**	491,590
Amortisation for the year	**42,401**	63,745
Impairment loss recognised in profit or loss	**92,380**	204,454
At 30 April	**894,570**	759,789
Carrying amount:		
At 30 April	**671,062**	335,443

16. LONG-TERM PREPAID RENTALS (continued)

Analysis of long-term prepaid rentals is as follows:

	2018 **RMB'000**	2017 RMB'000
Non-current portion	**634,361**	296,497
Current portion	**36,701**	38,946
Carrying amount at 30 April	**671,062**	335,443

Notes:

Impairment loss recognised for the year

(i) As a result of the continuing loss in the financial performance of the Group's fresh produce and processed products for the year ended 30 April 2018 and 2017. The Group carried out a review of the recoverable amount of the long-term prepaid rentals. Please refer to Note 17 for details.

The impairment loss recognised on long-term prepaid rentals of approximately RMB92,380,000 (2017: RMB204,454,000) which are located in the PRC. The impairment loss has been included in the consolidated statement of profit or loss and other comprehensive income.

17. IMPAIRMENT TESTING ON CASH GENERATING UNIT

During the year, the continuing loss in the financial performance of the Group's fresh produce and processed products segment (Cash Generating Units, the "CGUs"), the Group considered it was an indication that the assets of the fresh produce and processed products may be impaired. The review was performed by Peak Vision Appraisals Limited, an independent qualified valuer, as at 30 April 2018 and 2017 and the values in use of the CGUs have been measured by using discounted cash flow projections based on the cash flows covering a five year period with discount rate and terminal growth rate of 12.40% (2017: 12.32%) and 3% (2017: 3%) respectively for the years ended 30 April 2018 and 2017. The calculation of the discount rate takes into consideration of the cost of equity and cost of debt of the Company with reference to the public sources data, including but not limited to Thomson Reuters and Duff & Phelps, LLC. The change of the discount rate mainly reflects the change of data of cost of equity and cost of debt for the year ended 30 April 2018. The terminal growth rate is based on the expected rate of inflation projected by the International Monetary Fund.

The other major inputs used in calculating the values in use of the CGUs for the years ended 30 April 2018 and 2017 are as follows:

Major cultivation bases	Key measurement inputs	2018	2017
Baicheng City	Selling price of Product A	**RMB2,000/ton**	RMB2,000/ton
	Per mu yield by kilogram ("kg") of Product A per year	**884 kg/mu**	1,040kg/mu
	Selling price of Product B	**RMB11,000/ton**	RMB10,000 – RMB11,000/ton
	Per mu yield by kilogram ("kg") of Product B per year	**151 kg/mu**	151kg/mu
	Selling price of Product C	**RMB10,000/ton**	RMB10,000/ton
	Per mu yield by kilogram ("kg") of Product C per year	**204 kg/mu**	231kg/mu
	Selling price of Product D	**RMB3,000/ton**	RMB2,510/ton
	Per mu yield by kilogram ("kg") of Product D per year	**489 kg/mu**	703kg/mu
	Selling price of Product E	**RMB4,200/ton**	RMB3,000/ton
	Per mu yield by kilogram ("kg") of Product D per year	**241 kg/mu**	261kg/mu

17. IMPAIRMENT TESTING ON CASH GENERATING UNIT (continued)

Notes:

(i) The selling price will be increased yearly with reference to the price index of agriculture products published by National Bureau of Statistics of China from the first year to fifth year in calculating the values in use. After the fifth year, the selling price is assumed to be increased by 3% yearly with reference to the terminal growth rate. The change of the selling price mainly reflects the actual selling price for the year ended 30 April 2018.

(ii) The production volume forecast is based on the actual figure for the year ended 30 April 2018 and increase yearly from first year to fifth year of the cultivation because the Group will improve the quality of the farmland and get familiar with the farming pattern. After fifth year of cultivation, it is assumed that no change in the production volume per mu yield by kg.

As the actual harvest quantity of the Baicheng farming land failed to meet the expected harvest quantity in previous years and the demand of multi-grain for the manufacturing of beverages or beverage components is under expectation for the year ended 30 April 2018, the growth rate of the production volume has been revised downward in the following years as compared to those previously expected which is based on actual planting result.

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

(a) The sales focus was majorly focus on the PRC.

(b) There will be no major changes in the political, legal economic or financial conditions and taxation laws in the locations in which the CGU operates or intends to operate, which would adversely affect the revenues and profits attributable to the CGU;

(c) There will be no force majeure, including natural disasters that could adversely impact the conditions of any biological assets and agriculture produce planted by the CGU;

(d) For the CGU to continue to operate as a going concern, the CGU will successfully carry out all necessary activities for the development of its business;

(e) The availability of finance will not be a constraint on the forecast growth of the CGU operations in accordance with the business plans and the projections;

(f) Market trends and conditions where the CGU operates will not deviate significantly from the economic forecasts in general;

(g) Key management, competent personnel and technical staff will all be retained to support ongoing operations of the CGU;

17. IMPAIRMENT TESTING ON CASH GENERATING UNIT (continued)

(h) There will be no material changes in the business strategy of the CGU and its operating structure;

(i) Interest rates and exchange rates in the localities for the operation of the CGU will not differ materially from those presently prevailing; and

(j) All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the CGU operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated.

	2018	2017
	RMB'000	RMB'000
Property, plant and machinery (Note 14)	**108,483**	519,304
Long term prepaid rentals (Note 16)	**92,380**	204,454
	200,863	723,758

18. INVESTMENT IN AN ASSOCIATE

On 17 July 2017, the Group subscribed for approximately 36.00% of the enlarged issued capital of GFC Holdings Limited ("GFC") at the consideration of HK$36,000,000 (equivalent to approximately RMB30,611,000) during the year. GFC has become an associate of the Group upon completion of such subscription in July 2017.

Details of the Group's investment in an associate are as follows:

	2018	2017
	RMB'000	RMB'000
At 1 May		
Acquisition during the year	**30,611**	–
Share of post-acquisition loss	**(4,990)**	–
Share of other comprehensive income	**(470)**	–
	25,151	–
Impairment loss recognised	**(21,825)**	–
At 30 April	**3,326**	–

18. INVESTMENT IN AN ASSOCIATE (continued)

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of Incorporation/ registration	Principal place of business	Proportions of ownership interest held by the Group 2018	2017	Principal activities of the entity and its subsidiaries
GFC Holdings Limited	Cayman Islands	Hong Kong	**Approximately 36%**	–	Provision of food catering services and operating restaurants, cafes and take-away outlets in Hong Kong

Summarised financial information in respect of the Group's associate is set out below:

	2018 RMB'000	2017 RMB'000
Revenue for the year	**138,423**	–
Loss for the year attributable to the owners of the associate	**(13,860)**	–
Other comprehensive loss for the year attributable to the owners of the associate	**(1,308)**	–
Loss attributable to the Group	**(4,990)**	–
Total comprehensive loss attributable to the Group	**(5,460)**	–
Non-current assets	**56,186**	–
Current assets	**35,782**	–
Current liabilities	**(65,795)**	–
Total equity attributable to the owners of the associate	**26,173**	–
Included in the above assets and liabilities:		
Cash and cash equivalents	**10,206**	–

Reconciliation of the above summarised financial information to the carrying amount of the investment in an associate recognised in the consolidated statement of financial statements:

Gross amounts of the associate	**26,173**	–
The Group's effective interests	**36%**	–
The Group's share of the associate's net assets	**9,422**	–
Goodwill	**15,729**	–
	25,151	–

18. INVESTMENT IN AN ASSOCIATE (continued)

The impairment losses and the share of loss for the year were mainly attributable to the operation of GFC fallen short of expectations. The severe competition and downward economic environment of food industry in Hong Kong also adversely affected the performance during the year.

The impairment loss on investment in an associate is supported by valuation report prepared by independent valuer. The recoverable amount of the investment in an associate is determined by reference to the income approach, discounted cash flow based on the financial projections prepared by the management of the associate covering a 5-year period, and the discount rate of approximately 12.46% (2017: N/A) that reflects current market assessment of the time value of money and the risks specific to the associate. Cash flows beyond 5-year period have been extrapolated using a steady 3% growth rate.

The key assumptions included in the discounted cash flows were as follows:

- For the business enterprise to continue as a going concern, the business enterprise will successfully carry out all necessary activities for the development of its business;

- The availability of finance will not be a constraint on the forecast growth of the business enterprise's operations in accordance with the business plans and the projections;

- Market trends and conditions where the business enterprise operates will not deviate significantly from the economic forecasts in general;

- The unaudited financial information of the business enterprise as supplied to us has been prepared in a manner which truly and accurately reflects the financial position of the business enterprise as at the respective balance sheet dates;

- Key management, competent personnel and technical staff will all be retained to support ongoing operations of the business enterprise;

- There will be no material changes in the business strategy of the business enterprise and its operating structure;

18. INVESTMENT IN AN ASSOCIATE (continued)

- Interest rates and exchange rates in the localities for the operation of the business enterprise 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 organization required to operate in the localities where the business enterprise 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 business enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the business enterprise.

19. INVESTMENT IN A JOINT VENTURE

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Country of Incorporation/ registration	Principal place of business	Proportions of ownership interest held by the Group		Principal activities of the entity and its subsidiaries
			2018	2017	
吉林鑫大陸農業開發有限公司	PRC	PRC	**51%**	–	Agricultural improvement, development, construction and operation

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 **RMB'000**	2017 RMB'000
Listed investments:		
Equity securities listed in Hong Kong (note i)	**8,384**	30,854
Unlisted investments:		
Equity securities unlisted in Hong Kong, at cost (note ii)	**1,686**	2,894
	10,070	33,748

Notes:

(i) As at 30 April 2018 and 2017, the listed investment were mainly composed of shares listed on the Stock Exchange. All companies are not regarded as associates of the Group as the Group does not have significant influence nor participate in the policy-making and the operation and no right to appoint directors of these companies. The fair values of the listed investments are determined by reference to the quoted market bid prices available on the Stock Exchange.

The impairment loss of approximately RMB14,455,000 was recognised in consolidated statement of profit or loss and other comprehensive income for the year ended 30 April 2017 as the market price of the listed investments as at 30 April 2017 are significantly less than its cost.

(ii) As at 30 April 2018, unlisted investment represents 4.49% equity share on an unlisted company located in Hong Kong. During the year, the impairment loss of approximately RMB988,000 (2017: RMB4,126,000) was recognised in the consolidated statement of profit or loss and other comprehensive income due to the poor performance of the business.

21. INVENTORIES

Inventories represent the following:

	Note	2018 RMB'000	2017 RMB'000
Raw materials	(i)	**1,142**	270
Agricultural materials	(ii)	**279**	268
Finished goods		**4,235**	373
		5,656	911

Notes:

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

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

(iii) As at 30 April 2018, a batch of raw materials with cost of approximately RMB6,000 was considered as obsoleted, and provision of written-off of approximately RMB6,000 was made as at 30 April 2018 (2017: RMB7,108,000).

22. BIOLOGICAL ASSETS

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

	2018 **RMB'000**	2017 RMB'000
At 1 May	**16,444**	12,000
Gain/(loss) arising from changes in fair value less costs to sell	**(57,714)**	(10,320)
Increase due to plantation	**203,193**	104,132
Decrease due to harvest	**(150,811)**	(89,368)
At 30 April	**11,112**	16,444

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

	2018 **RMB'000**	2017 RMB'000
Vegetables	**7,375**	14,466
Rice	**111**	–
Fruit	**3,626**	1,978
	11,112	16,444

The physical quantity of vegetables, rice and fruit as at 30 April 2018 and 2017 are analysed as follows:

	2018 **Quantity** **(tons)**	2017 Quantity (tons)
Vegetables	**8,680**	10,170
Rice	**310**	–
Fruit	**2,832**	1,434
	11,822	11,604

22. BIOLOGICAL ASSETS (continued)

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

	2018 RMB'000	2017 RMB'000
At fair value less costs to sell	**11,112**	16,444

Vegetables, rice and fruit were stated at fair value less costs to sell as at 30 April 2018 and 2017. 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.

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

	2018		2017	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable	**87,348**	**132,709**	33,793	64,339
Rice	**7,872**	**11,692**	15,071	23,258
Fruit	**3,580**	**6,410**	957	1,771
	98,800	**150,811**	49,821	89,368

The Qualification of Valuer

The Group's biological assets were valued by independent professional valuer as at 30 April 2018 (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.

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: (continued)

Valuation methodology of Biological Assets

The valuation of the biological assets has been prepared in accordance with the HKIS Valuation Standards 2017 Edition published by Hong Kong Institute of Surveyors, International Valuation Standards 2017 published by International Valuation Standards Council.

Referring to the HKIS Valuation Standards 2017 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 *HKAS 41 Agriculture*.

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

The discount rate applied in the valuation was 12.40% (2017: 12.32%).

Work done on physical existence and quantity of biological assets

During the year, the Group had performed physical counts and verified the conditions of the agricultural produces and biological assets. The coverage of physical counts representing 100% of the agricultural produces as carried in the consolidated statement of financial position as at 30 April 2018.

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

Valuation Assumptions

- The projected producer selling price is approximately 51.8% (2017: 44.7%) 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;

22. BIOLOGICAL ASSETS (continued)

Valuation Assumptions (continued)

- 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

	2018 RMB'000	2017 RMB'000
Non-current assets:		
Deposit paid for property, plant and equipment	–	90,079
Current assets:		
Trade receivables	20,007	13,766
Other receivables	52,000	120,471
Loans and receivables	72,007	134,237
Rental and other deposits	459	1,347
Interest in leasehold land held for own use under operating leases	3,038	3,038
Prepayments		
– to suppliers	30,363	–
– to others	53,684	325
Value added tax recoverable	9,259	3,954
	168,810	142,901

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Of the trade receivables balance at the end of the year of approximately RMB nil (2017: nil) is due from the Group's largest customer. There were five customers who represent more than 5% of the total balance of trade receivables for the year 2018 (2017: Four).

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:

	2018 **RMB'000**	2017 RMB'000
Within 1 month	**19,924**	9,582
Over 1 month but within 3 months	**22**	4,137
Over 3 months but within 6 months	**61**	47
	20,007	13,766

Trade receivables are normally due within 30 days from the date of billing. The ageing analysis of trade receivables presented based on the invoices date at the report date.

(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 ageing 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:

	2018 **RMB'000**	2017 RMB'000
Over 1 month but within 3 months	**22**	4,137
Over 3 months but within 6 months	**61**	47
	83	4,184

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 **RMB'000**	2017 RMB'000
Listed investments:		
Equity securities listed in Hong Kong	**–**	5,475

During the year ended 30 April 2018, the financial assets at fair value through profit or loss was disposed and recognised a net loss on disposal of financial assets at fair value through profit or loss of approximately RMB596,000 in the consolidated statement of profit or loss and other comprehensive income. The fair values of the listed equity securities were determined based on the quoted market bid prices available on the Stock Exchange.

25. PLEDGED BANK DEPOSITS

The pledged bank deposits did not carry any interest rate (2017: carry fixed interest rate ranging from 1.95% to 4.25%) per annum. Pledged bank deposits represent deposits pledged to banks to secure banking facilities and letters of credit (2017: secure banking facilities and letters of credit) to the Group. As at 30 April 2018, approximately RMB1,400,000 bank deposits were pledged for bank borrowings with maturity within one year (2017: RMB130,000,000 bank deposits were pledged for bank borrowings with maturity within one year).

26. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2018 **RMB'000**	2017 RMB'000
Cash at bank	**475,904**	1,357,194
Cash on hand	**61**	101
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**475,965**	1,357,295

Included in the cash and bank balances and pledged bank deposits at the end of the reporting period were amounts of approximately RMB476,009,000 (2017: approximately RMB1,340,012,000) which not freely convertible into other currencies.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies through banks authorised to conduct foreign exchange business.

26. CASH AND CASH EQUIVALENTS (continued)

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

	Notes	2018 RMB'000	2017 RMB'000
Operating activities			
Loss before taxation		**(511,446)**	(1,134,742)
Adjustments for:			
Amortisation of interests in leasehold land held for own use under operating leases	15	**3,038**	3,038
Amortisation of long-term prepaid rentals	16	**42,401**	63,745
Depreciation of property, plant and equipment	14	**108,647**	96,166
Loss on disposal of property, plant and equipment		**–**	436
Gain on disposal of a subsidiary		**(2)**	–
Gain on final settlement on disposal of a subsidiary related to beverage business operations		**(72,058)**	–
Gain arising from changes in fair values less costs to sell of biological assets		**(3,239)**	(3,157)
Impairment loss on property, plant and equipment	14	**108,483**	519,304
Impairment loss on long-term prepaid rentals	16	**92,380**	204,454
Impairment loss on investment in an associate	18	**21,825**	–
Share of loss of an associate	18	**4,990**	–
Loss on written-off of inventories	5(b)	**6**	7,108
Interest income		**(6,668)**	(21,212)
Interest expenses		**44,650**	79,801
Dividend income	5(a)	**(247)**	(1,022)
Loss on financial liability extinguished		**–**	59,392
Loss on convertible notes extinguished		**–**	26,588
Fair value change in derivative financial liability	31(c)	**(5,046)**	(136,088)

26. CASH AND CASH EQUIVALENTS (continued)

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

	Notes	2018 RMB'000	2017 RMB'000
Exchange gain, net	5(b)	**(272)**	(11,669)
Share-based payment expenses		**10,950**	–
Impairment loss in recognised on available-for-sale financial assets		**988**	18,581
Net gain on disposal of available-for-sale financial assets	5(b)	**(1,755)**	–
Net loss on financial assets at fair value through profit or loss	5(b)	**596**	4,389
		(161,779)	(222,888)
Changes in working capital:			
Increase in inventories		**(4,751)**	(1,296)
Decrease/(increase) in biological assets		**8,571**	(1,287)
Increase in loan and interest receivables		**(40,000)**	–
Increase in trade and other receivables		**(95,819)**	(8,016)
Decrease/(increase) in financial assets at fair value through profit or loss		**4,879**	(6,937)
Increase/(decrease) in trade and other payables		**1,800**	(39,941)
Increase in amount due to a director		**6,675**	–
Cash used in operations		**(280,424)**	(280,365)

26. CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RMB'000	Convertible notes RMB'000	Total RMB'000
At 1 May 2017	661,300	116,227	777,527
Change in financing cash flows:			
Repayment in bank borrowings	(631,300)	–	(631,300)
Proceeds from bank borrowings	290,000	–	290,000
Total changes in financing cash flows	(341,300)	–	(341,300)
Exchange alignment	–	(11,241)	(11,241)
Other changes:			
Imputed interest for the year	–	19,155	19,155
At 30 April 2018	320,000	124,141	444,141

27. ASSETS CLASSIFIED AS HELD FOR SALE

On 14 April 2017, two indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement in relation to transferring 100% of the equity interest of China Green (Fuyang) Beverages Science and Technology Development Limited (the "Fuyang Company"), an indirect wholly-owned subsidiary, to an independent third party. The carrying amount of Fuyang Company was higher than the fair value less cost to sell of business. Therefore, of approximately RMB4,925,000 impairment loss was recognised on property, plant and equipment.

27. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of asset of Fuyang Company as at 30 April 2018 and 2017 is as below:

	2018 RMB'000	2017 RMB'000
Property, plant and equipment	–	54,685
Less: Impairment loss on property, plant and equipment	–	(4,925)
Net assets classified as held for sale	–	49,760

In accordance with HKFRSs, the assets classified as held for sale were written down to the fair value less cost to sell of RMB49,760,000 during the year ended 30 April 2017. This is non-recurring fair value which has been measured observable inputs, being the contract price with the purchaser, and is therefore within level 2 of the fair value hierarchy.

During the year ended 30 April 2018, all conditions precedent had been fulfilled and the disposal was completed.

The net assets disposed of were as follows:

	RMB'000
Assets classified as held for sale	49,760
Net assets disposed of	49,760
Gain on disposal:	
Consideration received	49,762
Net asset disposed of	(49,760)
Gain on disposal	2
Net cash inflow arising from disposal of a subsidiary:	
Consideration received, net of transaction cost	49,762

28. TRADE AND OTHER PAYABLES

	2018 RMB'000	2017 RMB'000
Trade payables	**13,310**	2,772
Accrued salaries and wages	**1,776**	1,644
Other accruals and payables (note1)	**83,089**	150,446
Financial liabilities measured at amortisation cost	**98,175**	154,862
Other taxes payable	**2,608**	87
	100,783	154,949

Note:

1. As at 30 April 2018 and 30 April 2017, other accruals and payables included payments related to the disposal of beverage business operations of approximately RMB36,255,000. (2017:RMB112,907,000)

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

	2018 RMB'000	2017 RMB'000
Within 1 month	**10,667**	1,457
Within 1 month to 3 months	**829**	805
Within 3 months to 6 months	**1,210**	156
Within 6 months to 1 year	**604**	354
	13,310	2,772

The average credit period on purchase of goods is 30 days.

29. BANK BORROWINGS

	2018	2017
	RMB'000	RMB'000
Bank loans	**320,000**	661,300
Secured	**270,000**	541,300
Unsecured	**50,000**	120,000
	320,000	661,300
– Within one year	**320,000**	631,300
– More than one year, but not exceeding two years	**–**	30,000
	320,000	661,300
Less: Amounts shown under current liabilities	**(320,000)**	(631,300)
	–	30,000

Notes:

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

	2018	2017
Effective interest rate:		
Fixed-rate borrowings	**5%**	4.8% to 13.9%
Variable-rate borrowings	**3.9% to 5.9%**	2.8% to 12.0%

(b) As at 30 April 2018, bank deposits amounting to approximately RMB1,400,000 (2017: RMB130,000,000) 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 RMB90,768,000 (2017: RMB128,178,000) had been pledged to secure the Group's bank loans for the purpose of working capital.

(c) Bank borrowing of approximately RMB20,000,000 as at 30 April 2018 (2017: RMB20,000,000) are guaranteed by a director and a subsidiary of the Company.

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2018 RMB'000	2017 RMB'000
At 1 May	**17,804**	17,804
Provision for the PRC Enterprise Income Tax for the year	**29,749**	13,131
Tax paid during the year	**(29,749)**	(13,131)
At 30 April	**17,804**	17,804

(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 RMB'000
Deferred tax arising from:	
At 1 May 2016	70,638
Credited to profit or loss	(1,057)
At 30 April 2017, 1 May 2017 and 30 April 2018	69,581

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

(b) Deferred tax liabilities recognised (continued)

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 2018, deferred tax liabilities of approximately RMB69,581,000 (2017: RMB69,581,000) 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 RMB120,693,000 (2017: RMB138,972,000) 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 2018 will not be distributed in the foreseeable future.

(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 RMB1,438,213,000 (2017: RMB1,524,246,000) 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.

31. CONVERTIBLE BONDS/NOTES

(a) Convertible bonds 2016 at 7% and 10%

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

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

The convertible bonds with an outstanding amount of approximately RMB568,391,000 had been matured on 12 April 2016. On 10 June 2016, the bondholder of not less than 75% in the outstanding principal of the convertible bonds signed a standstill agreement (the "Standstill Agreement") with the Company pursuant to which the parties agreed that, conditional upon the trustee of the convertible bonds having received from the Company (i) all outstanding fees and expenses due and payable to the trustee under the terms of the constitution documents of the convertible bonds;(ii) the unpaid accrued interest in respect of the convertible bonds that was due to be paid on the maturity date and accrued interest from the maturity date to the date of the standstill agreement; and (iii) 25% of the principal amount of the convertible bonds that was due to be redeemed on the maturity date, the bondholders shall, amongst others, not exercise or direct the trustee to exercise any right or remedy that the bondholders or the trustee would otherwise be entitled to exercise pursuant to the constitutional documents of the convertible bonds up to 31 August 2016. The Standstill Agreement was effective on 22 June 2016. The Company has redeemed the convertible bonds at 7% and 10% in full on 18 August 2016.

31. CONVERTIBLE BONDS/NOTES (continued)

(a) Convertible bonds 2016 at 7% and 10% (continued)

The convertible bonds information are presented as follows:

	Convertible bonds 2016 at 7%	Convertible bonds 2016 at 10%
Principal amount:		
– as at 13 November 2013	RMB515,280,000	RMB515,280,000
– as at 30 April 2015	RMB515,280,000	RMB174,267,696
– as at 30 April 2016	RMB514,880,000	RMB53,511,000
	in USD settlement	in USD settlement
Interest:	7% p.a. payable semi-annually	10% p.a. payable semi-annually
Issue date:	13 November 2013	13 November 2013
Maturity date:	12 April 2017	12 April 2017
Conversion price per share	HK$1.34	HK$11.244
	Adjustment of conversion price	Adjustment of conversion price
	– 28 March 2014 HK$1.29	– 28 March 2014 HK$10.89
	– 22 September 2014 HK$1.09	– 22 September 2014 HK$9.25
	– 24 October 2014 HK$1.01	– 24 October 2014 HK$8.63
	– 8 July 2015 HK$0.51	– 8 July 2015 HK$4.39
	– 25 November 2015 HK$2.55	– 25 November 2015 HK$21.95
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/NOTES (continued)

(a) Convertible bonds at 7% and 10% (continued)

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

	Convertible Bonds 2016 at 7% RMB'000	Convertible Bonds 2016 at 10% RMB'000	Total RMB'000
Liability component	457,078	496,681	953,759
Equity component	52,402	12,799	65,201
Nominal value of Convertible Bonds issued on 13 November 2013	509,480	509,480	1,018,960
As at 1 May 2016	514,880	53,511	568,391
Less: Redemption	(504,334)	(52,388)	(556,722)
Exchange realignment	(10,546)	(1,123)	(11,669)
As at 30 April 2017, 1 May 2017 and 30 April 2018	–	–	–

The imputed interest expenses on the convertible bonds 2016 at 7% and 10% are calculated using effective interest method by using the effective interest rate of 12.15% and 12.48% for the year ended 30 April 2016, respectively.

(b) Convertible Notes 2017 – HK$190,000,000, 12% coupon interest

On 20 May 2016, the Company entered into the supplemental deed with lender and agreed to restructure the loan due under the principal loan agreement with the principal amount of HK$190,000,000 (the "Supplemental Deed"). According to the Supplemental Deed, the Company would issue convertible notes with principal amount HK$190,000,000 (the "Convertible Notes 2017") to settle the outstanding loan balance. The Convertible Notes 2017 bear an interest rate of 12% per annum. The Convertible Notes 2017 was issued on 22 August 2016.

31. CONVERTIBLE BONDS/NOTES (continued)

(b) Convertible Notes 2017 – HK$190,000,000, 12% coupon interest (continued)

The Convertible Notes 2017 information is presented as follows:

	Convertible Notes 2017
Principal amount:	
– as at 22 August 2016	HK$190,000,000 in HK$ settlement
Interest:	12% p.a. payable Quarterly
Issue date:	22 August 2016
Maturity date:	22 August 2017
Conversion price per share	HK$0.15

The Convertible Notes 2017 recognised in the consolidated statement of financial position was calculated as follows:

	Convertible Notes 2017 RMB'000
Liability component	161,686
Equity component	59,762
Nominal value of Convertible Notes 2017 on issue date	221,448

31. CONVERTIBLE BONDS/NOTES (continued)

(b) Convertible Notes 2017 – HK$190,000,000, 12% coupon interest (continued)

The Convertible Notes 2017 recognised in the statement of financial position was calculated as follows: (continued)

Liability component:

	RMB'000
At issue date on 22 August 2016	161,686
Imputed interest charge	10,587
Less: Coupon interest paid	(9,951)
Exchange realignment	5,503
Extinguishment of convertible notes	(167,825)
At 17 February 2017	–

Derivative financial liability component:

	Redemption option held by the Group RMB'000	Conversion option RMB'000	Total RMB'000
At issue date on 22 August 2016	(63,077)	122,839	59,762
Fair value change	27,835	(71,940)	(44,105)
Extinguishment of convertible notes	37,229	(54,769)	(17,540)
Exchange alignment	(1,987)	3,870	1,883
At extinguishment date on 17 February 2017	–	–	–

The imputed interest expenses on the Convertible Notes 2017 was calculated using effective interest method by using the effective interest rate of 13.5%.

31. CONVERTIBLE BONDS/NOTES (continued)

(c) Convertible Notes 2017 – HK$190,000,000, 0% coupon interest

On 15 December 2016, the Company and the holder of Convertible Notes 2017 entered into the modification deed to amend certain terms and conditions of Convertible Notes 2017 (the "Modification Deed"), pursuant to which (i) the maturity date of the Convertible Notes 2017 will be changed from the date falling on the first anniversary of the date of the issue of the Convertible Notes 2017 to the date falling on the third anniversary of the date of the issue of the Convertible Notes 2017; (ii) the conversion price of the Convertible Notes 2017 will changed from HK$0.15 per conversion share to HK$0.10 per conversion share; and (iii) the Convertible Notes 2017 will be changed from bearing interest at a rate of 12% per annum to non-interest bearing. The amendment to terms and condition of the Convertible Notes 2017 became effective on 17 February 2017 whereby the Convertible Notes 2019 (the "Convertible Notes 2019") were issued and the Convertible Notes 2017 were extinguished.

The information of the Convertible Notes 2019 is presented as follows:

	Non-interest bearing Convertible Notes 2019
Principal amount:	
– as at 17 February 2017	HK$190,000,000 in HK$ settlement
Interest:	Non-interest bearing
Issue date:	17 February 2017
Maturity date:	22 August 2019
Conversion price per share (subject to adjustment)	HK$0.10

The Convertible Notes 2019 recognised in the consolidated statement of financial position was calculated as follows:

	Convertible Notes 2019 RMB'000
Liability component	112,297
Equity component	143,761
Nominal value of Convertible Notes 2019	256,058

31. CONVERTIBLE BONDS/NOTES (continued)

(c) Convertible Notes 2017 – HK$190,000,000, 0% coupon interest (continued)

The Convertible Notes 2019 recognised in the consolidated statement of financial position was calculated as follows: (continued)

Liability component:

	RMB'000
At modification date on 17 February 2017	112,297
Imputed interest charge	3,702
Exchange alignment	228
At 30 April 2017 and 1 May 2017	116,227
Imputed interest charge	19,155
Exchange alignment	(11,241)
At 30 April 2018	124,141

The imputed interest expenses on the non-interest bearing Convertible Notes 2019 was calculated using effective interest method by using the effective interest rate of 16.5%. The fair value of the debt component of the Convertible Notes 2019 at 30 April 2018 amounted to approximately RMB128,820,000 (2017: RMB117,951,000).

Derivative financial liability component:

	Redemption option held by the Group RMB'000	**Conversion option** RMB'000	**Total** RMB'000
At modification date on 17 February 2017	(41,686)	185,447	143,761
Fair value change	29,304	(165,392)	(136,088)
Exchange alignment	479	(2,577)	(2,098)
At 30 April 2017 and 1 May 2017	(11,903)	17,478	5,575
Fair value change	10,319	(15,365)	(5,046)
Exchange alignment	643	(939)	(296)
At 30 April 2018	(941)	1,174	233

31. CONVERTIBLE BONDS/NOTES (continued)

(c) Convertible Notes 2017 – HK$190,000,000, 0% coupon interest (continued)

Derivative financial liability component: (continued)

The derivative financial liability component represents:

(i) Redemption options held by the Company

Pursuant to the agreement in relation to the issue of the convertible notes, the Company may, at its option and at any time during the period commencing from the issue date and the maturity date, redeem the convertible notes in whole or in part (in an integral multiple of HK$1,000,000) of the outstanding amount of the principal of the convertible notes. As at 30 April 2018, the fair value of redemption options by the Company was approximately RMB941,000 (2017: RMB11,903,000).

(ii) Conversion options held by noteholders

Pursuant to the agreement in relation to the issue of the convertible notes, the noteholder may, at its option and at any time during the period commencing from the issue date and the maturity date, convert the convertible notes and any accrued but unpaid interest in whole or in part (in an integral multiple of HK$1,000,000) of the outstanding amount of the principal of the convertible notes. As at 30 April 2018, the fair value of redemption options by the Company was approximately RMB1,174,000 (2017: RMB17,478,000).

Analysis of convertible notes is as follows:

	2018 **RMB'000**	2017 RMB'000
Non-current portion	**124,141**	116,227
Current portion	**–**	–
Carrying amount at 30 April	**124,141**	116,227

32. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest free and repayable on demand. The carrying amount is approximate to its fair value.

33. 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.

(b) Share Capital

(i) Authorised and issued share capital

	Number of shares '000	Nominal value HK$'000	RMB equivalent RMB'000
Authorised:			
At 1 May 2016, 30 April 2017, 1 May 2017, ordinary shares of HK$0.1 each	10,000,000	1,000,000	843,098
Share subdivision (note ii)	90,000,000	–	–
At 30 April 2018, ordinary shares of HK$0.01 each	100,000,000	1,000,000	843,098
Issued and fully paid:			
At 1 May 2016, ordinary shares of HK$0.1 each	1,192,286	119,228	98,571
Issue of shares upon placing (note i)	5,750,000	575,000	492,044
At 30 April 2017 and 1 May 2017, ordinary shares of HK$0.1 each	6,942,286	694,228	590,615
Capital reduction (note ii)	–	(624,805)	(531,553)
At 30 April 2018, ordinary shares of HK$0.01 each	6,942,286	69,423	59,062

33. CAPITAL AND RESERVES (continued)

(b) Share Capital (continued)

(i) Authorised and issued share capital (continued)

Note:

(i) On 12 August 2016, an aggregate of 5,750,000,000 shares of par value of HK$0.1 each were issued by way of placing at a price of HK$0.1 per share for net proceed of approximately RMB473,782,000 for the purpose of redemption of the convertible bonds and payment of the interest accrued and for general working capital.

(ii) A special resolution in relation to capital reorganisation comprising the capital reduction and the share subdivision was duly passed by way of poll at the special general meeting of the Company held on 29 June 2017. The capital reorganisation became effective on 30 June 2017.

After the capital reorganisation,

(1) the par value of each of the then issued shares of the Company was reduced from HK$0.10 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued shares of the Company by way of a reduction of capital, so as to form issued new shares with par value of HK$0.01 each. The credits arising from such reduction of the paid-up capital had been credited to the contribution surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

(2) immediately following the abovementioned capital reduction, each of the then authorised but unissued shares of the Company of par value of HK$0.10 each was sub-divided into 10 new shares of the Company of par value of HK$0.01 each.

(iii) 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 general meetings of the Company. All ordinary shares rank equally.

33. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 of the Bermuda Companies Act 1981. The share premium account of the Company is distributable to the owners of the Company in the form of fully paid bonus shares.

(ii) PRC statutory reserve

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

(iii) Merger reserve

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

(iv) Contribution surplus

Contribution 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 contribution surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contribution 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.

33. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(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.

(d) Distributability of reserves

The Company's contributed surplus in the amount of RMB1,220,238,000 (2017: RMB688,683,000) 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 2018, the reserves of the Company were not available for distribution (2017: Nil). In addition, the Company's share premium account, in the amount of approximately RMB1,153,451,000 at 30 April 2018 (2017: RMB1,153,757,000), 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, banks and other borrowings and convertible bonds/notes) plus un-accrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity.

33. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

During the years ended 30 April 2017 and 2018, the Group's strategy, which was unchanged from the last year, was to maintain the adjusted net debt-to-equity ratio at the lower end by having sufficient cash and cash equivalents over total debt and proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The net debt-to-equity ratio at 30 April 2018 and 2017 was as follows:

	Notes	**2018** **RMB'000**	2017 RMB'000
Trade and other payables	28	**100,783**	154,949
Borrowings	29	**320,000**	661,300
Convertible bonds/notes	31	**124,141**	116,227
Total debt		**544,924**	932,476
Less: Cash and cash equivalents	26	**(475,965)**	(1,357,295)
Net cash and cash equivalents after deducting total debt		**68,959**	(424,819)
Total equity		**1,881,227**	2,394,332
Adjusted net debt-to-equity ratio		**0.037**	NA*

* According to the test result of net debt-to-equity, the Group's cash equivalent exceed its total debt, therefore, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34. SHARE OPTION SCHEME

On 18 October 2013, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants including Directors, employee or any participants who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds any equity interest as incentives or rewards for their contributions to the Group.

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

a) The total number of Shares which may be issued and allotted upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed ten (10) per cent of the Shares in issue on the adoption date of the Share Option Scheme, i.e. 18 October 2013 unless the Company obtains a fresh approval from its Shareholders, and which must not aggregate exceed thirty (30) per cent of the Shares in issue from time to time. At the annual general meeting of the Company held on 30 September 2016, a resolution relating to the refreshment of the Share Option Scheme mandate limit under the Share Option Scheme was passed by the Shareholders as an ordinary resolution of the Company, whereby the total number of the Shares that could be issued upon exercise of all share options that could be granted under the Scheme mandate limit was 694,228,507 Shares, representing 10% of the issued share capital of the Company as at the date of passing such resolution.

b) 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.

c) 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.

d) 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.

34. SHARE OPTION SCHEME (continued)

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

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

During the year ended 30 April 2018, the details and movements in the share options granted under the Share Option Scheme are as follows:

Category of participants	Date of grant of share option	Exercise Period	Exercise price (HK$)	Outstanding as at 1 May 2017	Granted during the year	Outstanding as at 30 April 2018
Directors	18 January 2018	18 January 2018 to 17 January 2028	0.032	–	133,000,000	133,000,000
Employees	18 January 2018	18 January 2018 to 17 January 2028	0.032	–	561,228,507	561,228,507
Total				–	694,228,507	694,228,507

The total number of Shares available for issue under the Share Option Scheme is 694,228,507 Shares, representing approximately 10% of the issued shares of the Company in issue as at the date of this report.

34. SHARE OPTION SCHEME (continued)

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 a Binomial Option Pricing 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 Option Pricing Model.

The fair value of the share options granted as determined by using the Binomial Option Pricing Model was approximately RMB10,950,000 was recognised in profit or loss during the year ended 30 April 2018.

	2018
Fair value at measurement date (HK$)	0.0192
Share price (HK$)	0.032
Exercise price (HK$)	0.032
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	87.492%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years
Expected dividends	0.000%
Risk-free interest rate (based on Exchange Fund Notes)	2.020%

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.

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	2018 **RMB'000**	2017 RMB'000
Financial assets		
Available-for-sale financial assets	**10,070**	33,748
Financial assets at fair value through profit or loss	**–**	5,475
Loan and receivables (including cash and bank balance)		
– Trade and other receivables	**72,446**	135,584
– Pledged bank deposits	**1,400**	130,000
– Cash and cash equivalents	**475,965**	1,357,295
	549,811	1,622,879

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2018 RMB'000	2017 RMB'000
Financial liabilities		
Derivative financial liability	**233**	5,575
Amortised costs		
– Trade and other payables	**98,175**	154,862
– Convertible notes	**124,141**	116,227
– Amount due to a director	**6,675**	–
– Bank borrowings	**320,000**	661,300
	548,991	932,389

The Group exposes to credit, liquidity, interest rate and currency risks arises in the normal course of the business and equity price risk arising from investment in equity securities classified under available-for-sales financial assets and financial assets at fair value through profit or loss.

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

(a) Credit risk

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

The Group's credit risk is primarily attributable to trade and other receivables, 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

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% (2017: 0%) and 0% (2017: 0%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 23.

(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:

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

2018

	Weighted average interest rate	Carrying amount at 30 April RMB'000	Total undiscounted cash flows RMB'000	Contractual undiscounted cash outflow Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000
Bank borrowings						
– fixed rate	5.0%	30,000	30,682	30,682	–	–
– variable rate	5.8%	290,000	298,935	298,935	–	–
Trade and other payables		98,175	98,175	98,175	–	–
Amount due to a director		6,675	6,675	6,675	–	–
Convertible notes		124,141	153,294	–	153,294	–
		548,991	587,761	434,467	153,294	–

2017

	Weighted average interest rate	Carrying amount at 30 April RMB'000	Total undiscounted cash flows RMB'000	Contractual undiscounted cash outflow Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000
Bank borrowings						
– fixed rate	5.0%	30,000	32,182	1,500	30,682	–
– variable rate	10.0%	631,300	645,263	645,263	–	–
Trade and other payables		154,862	154,862	154,862	–	–
Convertible notes		116,227	168,454	–	–	168,454
		932,389	1,000,761	801,625	30,682	168,454

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

Fair value interest rate risk

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

The interest rates of the Group's borrowings and convertible notes 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

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

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

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 30 April 2018 would decrease/increase by approximately RMB1,450,000 (2017: RMB3,630,000).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk

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

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

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

(i) Exposure to currency risk

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

	2018 (expressed in RMB) USD '000
Cash and cash equivalents	**1,129**

	2017 (expressed in RMB) USD '000
Cash and cash equivalents	420

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

During the year ended 30 April 2018, if RMB has strengthened by 5%, with all other risk variables remained constant, the Group's loss after taxation and retained profits would (increase)/decrease by approximately RMB56,450 (2017: RMB21,000). 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 2017.

(e) Price risk

(i) Exposure to price risk

The Group is exposed to equity price risk arising from investment in equity securities classified under available-for-sale financial assets and financial assets at financial assets at fair value through profit or loss.

(ii) Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity securities has been 5% higher/lower:

- loss after tax would decrease/increase by approximately RMBnil (2017: RMB273,000) as a result of the changes in fair value of financial assets at financial assets at fair value through profit or loss.
- available-for-sale financial assets reserve would increase/decrease by approximately RMB503,000 (2017: RMB1,687,000) as a result of the changes in fair value of available-for-sale financial assets.

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).

2018

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Biological assets	–	11,112	–	11,112
Available-for-sale financial assets	8,384	–	2,633	11,017
	8,384	11,112	2,633	22,129
Derivative financial liability	–	–	233	233

36. FAIR VALUE MEASUREMENT (continued)

2017

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Biological assets	–	16,444	–	16,444
Available-for-sale financial assets	30,854	–	–	30,854
Financial asset at fair value through profit or loss	5,475	–	–	5,475
	36,329	16,444	–	52,773
Derivative financial liability	–	–	5,575	5,575

There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during the years ended 30 April 2018 and 2017.

Reconciliation of Level 3 fair value measurements

	Derivative financial liability RMB'000
At 1 May 2016	–
Addition	143,761
Fair value change in derivative financial liability	(136,088)
Exchange alignment	(2,098)
At 30 April 2017 and 1 May 2017	5,575
Fair value change in derivative financial liability	(5,046)
Exchange alignment	(296)
At 30 April 2018	233

36. FAIR VALUE MEASUREMENT (continued)

Prevailing market data

Type	Valuation approach	Key measurements inputs 2018	Key measurements inputs 2017	Inter-relationship between key measurement input and fair value measurement
Biological assets	The fair value less costs to sell of biological assets by adopted income approach with discount cash flow	– planted 3,500 mu of lotus root – planted – mu of chill – planted 630 mu of watermelon – planted – mu of tomato – planted 100 mu of peanuts – planted – mu of loofah – planted 500 mu of rice	– planted 6,750 mu of lotus root – planted 200 mu of chill – planted 800 mu of watermelon – planted 100 mu of tomato – planted 25 mu of peanuts – planted 25 mu of loofah – planted – mu of rice	The planted area increase, the fair value less costs to sell increase, and vice versa
Derivative Financial liability In relation to the convertible notes issued by the Group	Crank-Nicolson finite-difference method	– Expected volatility of 75.7% – Risk free rate 1.6% – Share price as at 30 April 2018 HK$0.027 per Share – Conversion price per share HK$0.1 – Discount rate 14.2%	– Expected volatility of 105.5% – Risk free rate 0.9% – Share price as at 30 April 2017 HK$0.036 per Share – Conversion price Per share HK$0.1 – Discount rate 16.7%	An increase in the expected volatility would result in increase in the fair value of the derivative financial liability, and vice versa. A 5% increase/decrease in the expect volatility holding all other variables constant would increase/decrease the carrying amount of the derivative financial liability by approximately RMB82,000 (2017: RMB415,000) /approximately RMB71,000 (2017: RMB433,000) An increase in the discount rate would result in increase in the fair value of the derivative financial liability, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would increase/decrease the carrying amount of the derivative financial liability by approximately RMB1,033,000 (2017: RMB199,000) /approximately RMB1,046,000 (2017: RMB205,000)

37. STATEMENT OF THE COMPANY'S FINANCIAL POSITION

	2018 RMB'000	2017 RMB'000
Non-current assets		
Property, plant and equipment	**185**	281
Available-for-sales financial assets	**4,718**	8,484
Investments in subsidiaries	**237,672**	247,802
	242,575	256,567
Current assets		
Trade and other receivables	**459**	1,346
Amounts due from subsidiaries	**1,495,445**	1,640,419
Cash and cash equivalents	**738**	4,224
	1,496,642	1,645,989
Current liabilities		
Other payables	**43,837**	45,853
Amount due to a director	**6,675**	–
Amounts due to subsidiaries	**539,463**	589,620
Bank borrowings	**–**	–
Derivative financial liability	**233**	5,575
	590,208	641,048
Net current assets	**906,434**	1,004,941
Total assets less current liabilities	**1,149,009**	1,261,508

37. STATEMENT OF THE COMPANY'S FINANCIAL POSITION (continued)

	2018 RMB'000	2017 RMB'000
Non-current liabilities		
Convertible notes	**124,141**	116,227
Net assets	**1,024,868**	1,145,281
Capital and reserves		
Share capital	**59,062**	590,615
Reserves	**965,806**	554,666
Total equity attributable to owners of the Company	**1,024,868**	1,145,281

Approved and authorised for issue by the board of directors on 27 July 2018.

Sun Shao Feng
Director

Wang Jinhuo
Director

38. INVESTMENTS IN SUBSIDIARIES

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
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

38. INVESTMENTS IN SUBSIDIARIES (continued)

Name of Company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Zhonglu (Quanzhou) Green Foods Development Co., Ltd. (Note (ii))	The PRC	HK$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 sale 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 (Baicheng) Beverages Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Dormant

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.

39. COMMITMENTS

The Group as lessee

(a) *Capital commitments*

Capital commitments of the Group at 30 April 2018 and 2017 not provided for in the consolidated financial statements were as follows:

	2018 **RMB'000**	2017 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**192**	215,578

(b) *Operating lease commitments*

At 30 April 2018 and 2017, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2018 **RMB'000**	2017 RMB'000
Within one year	**885**	768
After one year but within five years	**125,590**	250,000
After five years	**980,000**	1,267,500
Total	**1,106,475**	1,518,268

The Group is the lessee in respect of properties and cultivation bases under operating leases. The leases typically run for an initial period of 1 to 30 years, with an option to renew the lease when all terms are renegotiated.

40. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statement, during the years ended 30 April 2018 and 2017, the Group had entered into 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:

	2018	2017
	RMB'000	RMB'000
Short-term employee benefits	**8,984**	11,260
Post-employment benefits	**52**	62
	9,036	11,322

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

41. NON-CASH TRANSACTION

On 20 May 2016, the Company entered into supplemental deed with the lender and agreed to restructure the loan with principal amount of approximately RMB162,056,000 (equivalent to HK$190,000,000) by issuing the Convertible Notes 2017. For the detail information, please refer to the note 31(b) and 31(c).

42. 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 of non-financial assets

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

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

(b) Depreciation

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

42. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (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.

(f) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The carrying amount of derivative financial liability of approximately RMB233,000 (2017: RMB5,575,000) in relation to the conversion option embedded in convertible notes was calculated by using Crank-Nicolson finite-difference method.

42. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(g) Impairment of available-for-sale financial assets

The group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making the judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

In addition, as the decline in fair value of the available-for-sale financial asset were considered significant or prolonged, the loss of approximately RMB988,000 (2017: RMB18,581,000), being accounted for as impairment and recognised in the consolidated statement of profit or loss and other comprehensive income.

43. EVENTS AFTER THE REPORTING PERIOD

There is no significant event of the Group after the reporting period.

44. LITIGATION

HCA 2922/2017

On 19 December 2017, the Company received a writ of summons with a statement of claim issued in the Court of First Instance of the High Court of Hong Kong ("Court") by Convoy Global Holdings Limited ("Convoy Holdings"), Convoy Collateral Limited ("Convoy Collateral") and CSL Securities Limited ("Convoy Securities", together with Convoy Holdings and Convoy Collateral, collectively as the "Plaintiffs") against, among other defendants, the Company.

On 6 March 2018, the Plaintiffs obtained leave from the Court to amend their statement of claim, which amended version was received by the Company on 31 May 2018. The Plaintiffs alleged that Cho Kwai Chee Roy ("Roy Cho") (1st Defendant) and his associates on the board of the Plaintiffs' companies had improperly used their power to allot shares and to grant loans on a non-commercial basis to the detriment of the Plaintiffs. The Plaintiffs claimed that Roy Cho and his associates devised a scheme which involved a circular financing arrangement, whereby allegedly independent parties would subscribe for the shares of Convoy Holdings pursuant to share placement, but a significant portion of the proceeds raised from the placement would be immediately channeled back to these same allegedly independent parties through financing facilities granted by Convoy Collateral and Convoy Securities under the authorization of Roy Cho and his associates.

44. LITIGATION (continued)

HCA 2922/2017 (continued)

The Plaintiffs claimed that the unsecured loan for the principal loan amount of HK$190,000,000 granted by Convoy Collateral to the Company in November 2015 was a circular financing on the basis that it was connected to the subscription of 145,000,000 shares of Convoy Holdings for HK$50,750,000 by Capital Mate Limited, which has a disclosable interest in the Company, with sole shareholder being the Chairman and executive Director of the Company.

On that basis, the Plaintiffs claimed that the Company has (i) dishonestly assisted the breaches of fiduciary duties of Roy Cho and his associates; and (ii) wrongfully with the intent to injure the Plaintiffs by unlawful and lawful means conspired with Roy Cho and his associates. Convoy Holdings seeks against the Company an account of profits and an order for payment of any sums found to be due by reason of the Company's dishonest assistance, unlawful means conspiracy and/or lawful means conspiracy in relation to the circular financing scheme. Convoy Collateral and Convoy Securities seek an order against the Company, as direct recipients of funds under the circular financing scheme, for an account of profits derived from the funds and order for payment of any sums found due by reason of the same.

In respect of the abovementioned action, it is the position of the Company that the Company was not involved in the alleged circular financing arrangement and that the loan of HK$190,000,000 from Convoy Collateral was lawfully and properly granted with reasonable terms. The Company has sought legal advice and will defend the claims vigorously.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively.

HCMP 2773/2017

On 2 January 2018, the Company received a petition issued in the Court by Ms. Zhu Xiao Yan (the "Petitioner") against, among other respondents, the Company. According to the petition, the Petitioner has held and continues to hold 3,234,000 shares in Convoy Holdings since around mid-2015. The Petitioner seeks, inter alia, the following orders against the Company (as one of the placees in a share placement of Convoy Holdings): (i) a declaration that the placement of 3,989,987,999 shares of Convoy Holdings in October 2015 and/or the shares so placed are void ab initio and of no legal effect or, alternatively, be set aside; (ii) damages for dilution of the Petitioner's shareholding; (iii) interests; (iv) such further or other relief and all necessary and consequential directions as the Court may think fit; and (v) costs.

The abovementioned petition proceedings have been stayed pending determination of HCA 2922/2017 upon the Petitioner's undertaking to forthwith apply to withdraw the petition and will not otherwise pursue the same allegations set out in the petition if the Plaintiffs in HCA 2922/2017 were unsuccessful after trial and any appeals.

For the details of the abovementioned petition, please refer to the Company's announcement dated 3 January 2018.

44. LITIGATION (continued)

HCA 399/2018

On 14 February 2018, the Company received a writ of summons issued in the Court by Convoy Collateral Limited (Convoy Collateral) as the sole plaintiff against, among other defendants, the Company.

The claims in this action rely on the same factual matrix pleaded by the Plaintiffs in HCA 2922/2017, and insofar as the Company is concerned, relates to the unsecured loan of HK$190,000,000 granted to the Company which Convoy Collateral claims to be part of the alleged circular financing arrangement.

Convoy Collateral's claim is that the Company has (i) dishonestly assisted the breaches of fiduciary duties of Roy Cho and his associates; and (ii) wrongfully with the intent to injure Convoy by unlawful means conspired with Roy Cho and his associates, thereby causing loss and damage to Convoy Collateral.

The various alternate reliefs sought by Convoy Collateral against the Company include: (i) damages or equitable compensation; (ii) an account as constructive trustee for personal gains; (iii) declaration that all agreements in respect of the loan of HK$190,000,000 be rescinded, set aside and void; (iv) repayment of all sums the Company received under the loans; or (v) damages in lieu of recession.

As for the case of HCA 2922/2017, the Company denies the allegations made by Convoy Collateral. The Company has sought legal advice and will defend the claims vigorously.

For details about the abovementioned action, please refer to the Company's announcement dated 14 February 2018.

Save as disclosed above, as at 30 April 2018, so far as the Directors were aware i) the Group was not engaged in any litigation or claim of material importance, ii) no litigation or claim of material importance is pending or threatened against the Group.

45. PLEDGED OF ASSETS

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

	2018 **RMB'000**	2017 RMB'000
Interests in leasehold land held for own use under operating leases (Note 15)	**–**	18,470
Property, plant and equipment (Note 14)	**90,768**	109,708
Bank deposits (Note 26)	**1,400**	130,000
Total	**92,168**	258,178

46. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 July 2018.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 30 April				
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	**2018** **RMB'000**
Turnover	640,019	521,094	406,980	221,885	**506,416**
Gross profit/(loss)	48,608	94,304	57,367	(80,619)	**67,243**
Loss before taxation	(660,998)	(449,488)	(1,420,676)	(1,134,742)	**(511,446)**
Loss attributable to owners of the Company	(667,666)	(448,024)	(1,413,600)	(1,146,816)	**(541,195)**
Non-current assets	4,774,141	3,552,408	2,414,332	1,678,036	**1,820,800**
Current assets	771,386	2,055,319	2,495,050	1,741,732	**699,644**
Current liabilities	(675,131)	(1,522,750)	(1,610,269)	(809,628)	**(445,495)**
Non-current liabilities	(1,288,555)	(595,586)	(210,638)	(215,808)	**(193,722)**
Total equity attributable to owners of the Company	3,581,841	3,489,391	3,088,475	2,394,332	**1,881,227**
Basic loss per share (RMB)	(0.634)	(0.664)	(1.301)	(0.216)	**(0.078)**