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)

Interim Report
2018/19

INTERIM RESULTS

The board (the "Board") of directors (the "Director(s)") of China Green (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") announces the unaudited condensed consolidated results of the Group for the six months ended 31 October 2018 ("1H 2018/19" or the "Review Period") with comparative figures for the corresponding period of 2017/18 ("1H 2017/18") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 October 2018

		Six months ended 31 October	
		2018	2017
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Turnover	3	**340,377**	307,252
Cost of sales		**(324,599)**	(252,275)
Gross profit		**15,778**	54,977
Other revenue	4	**1,195**	2,276
Other gains and losses	4	**–**	72,247
Gain arising from changes in fair value less costs to sell of biological assets		**6,366**	7,342
Selling and distribution expenses		**(2,638)**	(21,123)
General and administrative expenses		**(93,531)**	(86,230)
Share of loss of an associate		**(3,566)**	(1,094)
(Loss) profit from operations		**(76,396)**	28,395
Finance costs		**(23,078)**	(24,446)
(Loss) profit before taxation	5	**(99,474)**	3,949
Income tax expense	6	**–**	(15,444)
Loss for the period attributable to owners of the Company		**(99,474)**	(11,495)

	Notes	Six months ended 31 October 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Other comprehensive loss for the period (after tax)			
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		**(4,539)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(38,835)**	(10,036)
Exchange differences on translation of financial statements of investment in an associate		**240**	–
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)
Other comprehensive loss for the period		**(43,134)**	(10,036)
Total comprehensive loss for the period attributable to owners of the Company		**(142,608)**	(21,531)
Loss per share attributable to owners of the Company			
– Basic	8	**RMB28.7 cents**	(Restated) RMB3.3 cents
– Diluted		**RMB28.7 cents**	(Restated) RMB3.3 cents

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2018

	Notes	**At 31 October 2018 RMB'000 (Unaudited)**	At 30 April 2018 RMB'000 (Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment	9	**998,584**	1,055,131
– Interest in leasehold land held for own use under operating leases		**114,385**	117,132
Investment in an associate	10	**–**	3,326
Long-term prepaid rentals		**616,010**	634,361
Investment in a joint venture		**780**	780
Financial assets at fair value through other comprehensive income		**6,447**	–
Available-for-sale financial assets		**–**	10,070
		1,736,206	1,820,800
Current assets			
Inventories		**13,695**	5,656
Biological assets		**28,137**	11,112
Current portion of long-term prepaid rentals		**36,701**	36,701
Trade and other receivables	11	**191,093**	168,810
Pledged bank deposits		**–**	1,400
Cash and cash equivalents		**427,640**	475,965
		697,266	699,644

	Notes	At 31 October 2018 RMB'000 (Unaudited)	At 30 April 2018 RMB'000 (Audited)
Current liabilities			
Trade and other payables	12	**129,010**	100,783
Bank borrowings	13	**330,000**	320,000
Income tax payable		**17,804**	17,804
Derivative financial liability		**256**	233
Amount due to a director		**–**	6,675
		477,070	445,495
Net current assets		**220,196**	254,149
Total assets less current liabilities		**1,956,402**	2,074,949
Non-current liabilities			
Deferred tax liabilities		**69,581**	69,581
Convertible notes		**148,202**	124,141
		217,783	193,722
Net assets		**1,738,619**	1,881,227
Capital and reserves			
Share capital	14	**59,062**	59,062
Reserves		**1,679,557**	1,822,165
Total equity attributable to owners of the Company		**1,738,619**	1,881,227

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2018

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Available-for-sale financial assets reserve RMB'000	Share-base payment reserve RMB'000	Merger reserve RMB'000	Contribution surplus RMB'000	Financial assets at FVOCI RMB'000	Exchange reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
As at 1 May 2018 (audited)	**59,062**	**1,153,451**	**249,850**	**–**	**10,950**	**14,694**	**925,834**	**–**	**(161,868)**	**(370,746)**	**1,881,227**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(99,474)**	**(99,474)**
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,835)**	**–**	**(38,835)**
Exchange differences on translation of financial statements of investment in an associate	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**240**	**–**	**240**
Changes in fair value of financial assets at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,539)**	**–**	**–**	**(4,539)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,539)**	**(38,595)**	**(99,474)**	**(142,608)**
As at 31 October 2018 (unaudited)	**59,062**	**1,153,451**	**249,850**	**–**	**10,950**	**14,694**	**925,834**	**(4,539)**	**(200,463)**	**(470,220)**	**1,738,619**
As at 1 May 2017 (audited)	590,615	1,153,757	249,850	–	–	14,694	394,281	–	(179,314)	170,449	2,394,332
Loss for the period	–	–	–	–	–	–	–	–	–	(11,495)	(11,495)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	(10,036)	–	(10,036)
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)
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	(10,036)	(11,495)	(21,531)
Capital reorganisation *(note 15(i))*	(531,553)	–	–	–	–	–	531,553	–	–	–	–
Transaction cost related to capital reorganisation	–	(306)	–	–	–	–	–	–	–	–	(306)
As at 31 October 2017 (unaudited)	59,062	1,153,451	249,850	–	–	14,694	925,834	–	(189,350)	158,954	2,372,495

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2018

	Six months ended 31 October	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(24,845)**	(30,449)
Net cash generated from investing activities	**2,800**	95,074
Net cash used in financing activities	**(1,888)**	(266,561)
Decrease in cash and cash equivalents	**(23,933)**	(201,936)
Effect of foreign exchange rate changes	**(24,392)**	(15,157)
Cash and cash equivalents at 1 May	**475,965**	1,357,295
Cash and cash equivalents at 31 October	**427,640**	1,140,202
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	**427,640**	1,140,202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2018

1. CORPORATE INFORMATION

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

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

The condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), as well as Hong Kong Accounting Standards ("HKASs") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The accounting policies and basis of presentation used in the preparation of these condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's audited consolidated financial statements for the year ended 30 April 2018, except for the application of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and amendments (hereinafter collectively referred to as the "new and revised HKFRSs") effective from 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendment to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and revised HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described Note 2.1.

Certain new standards, amendments and interpretations have been issued but are not effective for the current accounting period. The Group has not early adopted those new standards, amendments or interpretations and is in the process of making an assessment of the impact of these new standards, amendments and interpretation on its results of operations and financial position.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 30 April 2018. The condensed consolidated interim financial information does not include all of the information required for full set of financial statements prepared in accordance with HKFRSs, which term collectively includes HKASs and Interpretations.

2.1 Impacts and changes in accounting policies

2.1.1 Application on HKFRS 9 Financial Instruments

In the Review Period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9 i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 May 2018 (date of initial application) with the cumulative effect of initial application recognised at the date of initial application and has not applied the requirements to instruments that have already been derecognised as at 1 May 2018.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

(a) Key changes in accounting policies resulting from application of HKFRS 9
Classification and measurement

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the FVOCI criteria if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments classified as at FVOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of revaluation reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "revenue" line item.

Equity instruments designated as at FVOCI
At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI.

Investment in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividend on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment under ECL model
The directors of the Company reviewed and assessed the Group's financial assets as at 1 May 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.1.1(b). The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan and interest receivables and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk
In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For trade and loan and interest receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Measurement and recognition of ECL
The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVOCI, the loss allowance is recognised in OCI and accumulated in the FVOCI reserve without reducing the carrying amounts of these debt instruments. As at 1 May 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed as below.

(b) Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 May 2018.

	Available-for-sale financial assets RMB'000	**Financial assets at FVOCI** RMB'000
Closing balance at 30 April 2018 – HKAS 39	10,070	–
Effect arising from initial application of HKFRS 9:		
Reclassification	(10,070)	10,070
Opening balance at 1 May 2018	–	10,070

The Group has made irrevocable election on its unlisted investment at cost which was classified as available-for-sales investments recognised at cost and listed equity securities which was classified as available-for-sales investment recognised at fair value under HKAS 39, respectively, to reclassify and designate them as equity instruments at FVOCI.

2.1.2 Application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the Review Period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from sale of agricultural products and consumer food products. Sales are recognised when control of the products has transferred, being when the products are delivered and the customers and title has passed.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 May 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 May 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

(a) Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group has concluded that the initial application of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

Except as described above, the application of amendments to HKFRSs in the Review Period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. TURNOVER AND SEGMENT REPORTING

a) Turnover

An analysis of the Group's turnover for the six months ended 31 October 2018 and 2017 is as follows:

	Unaudited Six months ended 31 October 2018 RMB'000	Unaudited Six months ended 31 October 2017 RMB'000
Fresh produce and processed products	**321,558**	296,771
Branded food products and others	**18,819**	10,481
	340,377	307,252

b) Segment reporting

The Group's reportable segments, based on the information provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance, are as follows:

	Unaudited Six months ended 31 October					
	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	**321,558**	296,771	**18,819**	10,481	**340,377**	307,252
Inter-segment revenue	**2,752**	5,215	**–**	1,060	**2,752**	6,275
Reportable segment revenue	**324,310**	301,986	**18,819**	11,541	**343,129**	313,527
Reportable segment (loss) profit	**(13,697)**	37,969	**(1,679)**	(4,056)	**(15,376)**	33,913

Reconciliation of reportable segment revenue and profit or loss:

	Unaudited Six months ended 31 October 2018 RMB'000	2017 RMB'000
Revenue		
Reportable segment revenue	**343,129**	313,527
Elimination of inter-segment revenue	**(2,752)**	(6,275)
Consolidated revenue	**340,377**	307,252
Profit or loss		
Reportable segment (loss) profit	**(15,376)**	33,913
Finance costs	**(21,594)**	(23,944)
Finance income	**393**	1,086
Other revenue	**–**	398
Gain on final settlement on disposal of a subsidiary related to beverage business operations	**–**	72,058
Impairment loss recognised on available-for-sale financial assets	**–**	(2,930)
Net loss on financial assets at fair value through profit or loss	**–**	(611)
Gain on disposal of a subsidiary	**–**	2
Gain on disposal of available-for-sale financial assets	**–**	1,916
Fair value change in derivative financial liability	**–**	1,812
Share of loss of an associate	**(3,566)**	(1,094)
Unallocated depreciation and amortisation	**(9,315)**	(7,332)
Unallocated head office and corporate expenses	**(50,016)**	(71,325)
Consolidated (loss) profit before taxation	**(99,474)**	3,949

4. OTHER REVENUE AND OTHER GAINS AND LOSSES

	Unaudited Six months ended 31 October **2018** **RMB'000**	 2017 RMB'000
Other revenue		
Bank interest income	**1,065**	1,878
Dividend income	–	252
Sundry income	**130**	100
Net foreign exchange gain	–	46
	1,195	2,276
Other gains and losses		
Gain on final settlement on disposal of a subsidiary related to beverage business operations *(Note)*	–	72,058
Gain on disposal of available-for-sale financial assets	–	1,916
Impairment loss recognised on available-for-sales financial assets	–	(2,930)
Net loss on financial assets at fair value through profit or loss	–	(611)
Fair value change in derivative financial liability	–	1,812
Gain on disposal of a subsidiary	–	2
	–	72,247

Note:

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 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.

As a result, the Group recognized 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 recognized as at 30 April 2016.

5. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation is stated after charging the followings:

	Unaudited Six months ended 31 October	
	2018	2017
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**55,367**	51,483
Staff costs (including directors' emoluments)	**16,028**	92,141
Amortisation of long-term prepaid rentals	**18,350**	19,473
Amortisation of interests in leasehold land held for own use under operating leases	**1,722**	1,516

6. INCOME TAX EXPENSE

	Unaudited Six months ended 31 October 2018 RMB'000	2017 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the period	–	15,444
Deferred tax		
Origination and reversal of temporary differences	–	–
Total income tax expense recognised in profit or loss	–	15,444

a) **PRC Enterprise Income Tax**
The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the People's Republic of China ("PRC") is based on PRC Enterprise Income Tax rate of 25% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC.

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.

b) **Hong Kong profits tax**
No provision for Hong Kong Profits Tax for the six months ended 31 October 2018 and 2017 has been made as the Group has no estimated assessable profits arising in Hong Kong for both periods.

c) **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. DIVIDENDS

No dividend was declared for the six months ended 31 October 2018 (six months ended 31 October 2017: Nil).

8. LOSS PER SHARE

a) Basic loss per share

For the six months ended 31 October 2018 and 2017, the calculation of the weighted average number of ordinary shares for the purpose of basic loss per share has been restated and adjusted to reflect the effect of share consolidation which was effective on 30 November 2018.

Loss attributable to owners of the Company

	Unaudited Six months ended 31 October	
	2018	2017
	RMB'000	RMB'000
Loss attributable to owners of the Company for calculation of basic and diluted loss per share	**(99,474)**	(11,495)

	Unaudited Six months ended 31 October	
	2018	2017 (Restated)
	Number of ordinary shares	
Weighted average number of ordinary shares for calculation of basic and diluted loss per share	**347,114,253**	347,114,253

The weighted average number of ordinary shares were the same as those for both basic and diluted loss per share.

b) Diluted loss per share

Diluted loss per share for the six months ended 31 October 2018 and 2017 was the same as the basic loss per share.

For the six months ended 31 October 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 six months ended 31 October 2018, the computation of diluted loss per share did not assume the exercise of outstanding share options granted since the effect of such exercise was anti-dilutive.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2018, the Group acquired certain property, plant and equipment amounting to approximately RMB369,000 (six months ended 31 October 2017: RMB282,478,000) in which the Group did not incur any development expenditure on development of infrastructure on cultivation base (six months ended 31 October 2017: development expenditure of RMB278,321,000).

10. INVESTMENT IN AN ASSOCIATE

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

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Cost of investment in an associate	**30,611**	30,611
Share of post-acquisition loss	**(8,556)**	(4,990)
Share of other comprehensive income of an associate	**(230)**	(470)
	21,825	25,151
Impairment loss recognised	**(21,825)**	(21,825)
	–	3,326

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		Principal activities of the entity and its subsidiaries
			As at 31 October 2018	As at 30 April 2018	
GFC Holdings Limited	Cayman Islands	Hong Kong	**approximately 36%**	approximately 36%	Provision of food catering services and operating restaurants, cafes and take-away outlets in Hong Kong

11. TRADE RECEIVABLES

Credit terms granted by the Group to customers are generally less than one month. The aging analysis is as follows:

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Within 1 month	**60,807**	19,924
Over 1 month but within 3 months	**21,142**	22
Over 3 months but within 6 months	**24**	61
	81,973	20,007

12. TRADE PAYABLES

Included in trade payables are balances with the following aging analysis:

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Within 1 month	**6,725**	10,667
Within 1 month to 3 months	**410**	829
Within 3 months to 6 months	**119**	1,210
Within 6 months to 1 year	**307**	604
	7,561	13,310

13. BANK BORROWINGS

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Bank borrowings	**330,000**	320,000
Secured	**330,000**	270,000
Unsecured	**–**	50,000
	330,000	320,000
Within one year	**330,000**	320,000
More than one year, but not exceeding two years	**–**	–
	330,000	320,000
Less: Amounts shown under current liabilities	**(330,000)**	(320,000)
Amounts shown under non-current liabilities	**–**	–

14. SHARE CAPITAL

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of HK$0.01 each	**843,098**	843,098
Issued and fully paid		
6,942,285,077 (30 April 2018: 6,942,285,077) ordinary shares of HK$0.01 each	**59,062**	59,062

There was no movement in the issued share capital of the Company during the six months ended 31 October 2018.

15. COMMITMENTS

a) Capital commitments

At the end of the reporting period, the Group had the following capital commitments:

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Contracted but not provided for		
– Purchase of property, plant and equipment	**192**	192

b) Operating lease commitments

At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases were repayable as follows:

	As at 31 October 2018 RMB'000 (Unaudited)	As at 30 April 2018 RMB'000 (Audited)
Within one year	**963**	885
After one year but within five years	**125,161**	125,590
After five years	**980,000**	980,000
	1,106,124	1,106,475

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 October 2018 (30 April 2018: Nil).

17. 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 and certain of the highest paid employees, is as follows:

	Unaudited Six months ended 31 October	
	2018	2017
	RMB'000	RMB'000
Short-term employee benefits	**4,256**	4,831
Post-employment benefits	**33**	30
	4,289	4,861

Total remuneration is included in "staff costs" (see note 5).

b) Transaction with other related parties

The Group did not have any material related party transactions during the period.

18. EVENT AFTER THE REVIEW PERIOD

(a) At the special general meeting held on 29 November 2018, the special resolution in relation to consolidation of every 20 issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into 1 consolidated share ("Consolidated Share") of HK$0.20 each and the rounding down of the total number of Consolidated Shares to a whole number by cancelling any fraction in the issued share capital of the Company which might arise (the "Share Consolidation") was duly passed by way of poll. The Share Consolidation took effect on 30 November 2018.

Relevant disclosure was made in the Company's announcements dated 10 October 2018, 16 October 2018 and 29 November 2018, and the Company's circular dated 6 November 2018.

(b) On 10 October 2018, the Company entered into a conditional subscription agreement (which was amended and supplemented by the supplemental agreements dated 8 November 2018 and 28 November 2018) with Mr. Cai Dingbing (蔡丁炳) as subscriber (the "Subscriber"), pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, 360,882,352 new shares of the Company of par value of HK$0.01 each (adjusted to 18,044,117 Consolidated Shares for the effect of the Share Consolidation) at a subscription price of HK$0.017 per subscription share (adjusted to HK$0.34 per subscription share for the effect of the Share Consolidation) (the "Subscription"). The Subscription was completed on 17 December 2018. The net proceeds arising from the Subscription amounted to approximately HK$6 million.

For the details of the Subscription, please refer to the announcements of the Company dated 10 October 2018, 8 November 2018, 28 November 2018, 11 December 2018 and 17 December 2018.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the six months ended 31 October 2018 were approved and authorised for issue by the Board on 28 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial highlights and review of operations

During the six months ended 31 October 2018 and 2017, 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:

	Unaudited Six months ended 31 October	
	2018	2017
	RMB'000	RMB'000
Revenue by products		
Fresh produce and processed products	**321,558**	296,771
Branded food products and others	**18,819**	10,481
Total	**340,377**	307,252

Fresh produce and processed products

Fresh produce and processed products primarily consisted of fresh vegetables such as sweet corns, lotus roots, radish, cucumbers, water melons and tomatoes as well as multi-grains such as red beans, green beans and peanut. During the Review Period, revenue from this segment amounted to approximately RMB321,558,000 (1H 2017/18: approximately RMB296,771,000), which rose by 8.35% compared with that of 1H 2017/18. During the six months ended 31 October 2018, both production and supply of fresh produce increased as the cultivation area of existing farmland in Baicheng City increased from 144,000 mu as at 30 April 2018 to 194,000 mu as at 31 October 2018. In addition, the Group entered into several supply contracts and agreements with certain domestic corporate manufacturers for the provision of raw materials of multi-grain products 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 144,000 mu as at 30 April 2018 to 194,000 mu as at 31 October 2018. The Group will combine the latest agricultural technological achievements and explore new models of agriculture and smart agriculture based on solid traditional agricultural technology. In the meantime, the Group will continue to rationally allocate resources to improve the production capacity and infrastructure of existing farmlands, 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, as well as the Group's "Garden Life" (田園生活) brand and "China Green Imperial Delicacy" (中綠御膳良品) brand. During the six months ended 31 October 2018, revenue from this segment was approximately RMB18,819,000 (1H 2017/18: approximately RMB10,481,000), which rose by 79.55% compared with that of 1H 2017/18, which was attributable to the increase in sales channels and increasing recognition of the Group's branded food products by the market.

Under the "Garden Life" brand, the Group sources high-quality ingredients and develops six product lines, covering grain products, fruits and vegetables, dried food, dried fruits, meat products and imports collections, which provide diverse and high quality agricultural products to domestic supermarkets, hotels, catering enterprises, food processing enterprises and other enterprises and institutions. At the same time, 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. The brand is becoming a leading green ingredient supply chain brand in the PRC with 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), Xiamen Culiangwang and other new sales channels.

"China Green Imperial Delicacy" brand is a catering fast moving food brand that encompasses the elements of green, tastiness and nutrition. The brand mainly consists of six series, which are staple food, concocted food, soup, authentic delicacies, starters and desserts, and introduces a healthy, quick and delicious diet to consumers. Products under the brand were sold at large shopping malls and supermarkets in Central China and Southeast regions, such as Wal-Marts, METRO, Vanguard and Yonghui. The new products launched by the Group in 2018 were welcomed by the market, such as quinoa nuts steamed bread, cranberry nuts steamed bread, brown sugar steamed bread, fried dumplings, onion pancakes, prepared frozen crayfish, etc. The Group will keep closely monitoring the market trend and developing new products, and some new products such as branded rice vermicelli will be launched in the near future.

Gross profit and gross profit margin

During the Review Period, the Group recorded a gross profit and gross profit margin of approximately RMB15,778,000 and 4.64% respectively (1H 2017/18: gross profit and gross profit margin of approximately RMB54,977,000 and 17.89% respectively). Since the Company began the third phase of 50,000 mu farmland production in the Review Period, it required quite a lot of inputs (such as seeds, fertilizer and other farming related expenses) for the initial cultivation. Along with other fixed costs such as depreciation and amortization, these costs drove up the cost of sales.

Other gains and losses

During the Review Period, no other gains and losses were recorded (1H 2017/18: net gains of approximately RMB72,247,000). The change was mainly due to the absence of the gain on final settlement on the disposal of the entire equity interest in Xiamen Culiangwang of approximately RMB72,058,000 recorded in 1H 2017/18. Details of the final settlement of the disposal were disclosed in 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.

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 RMB6,366,000 (1H 2017/18: gain of approximately RMB7,342,000). The decrease was mainly due to the increase in the production cost of biological assets during the Review Period.

Operating Expenses

Total operating expenses increased to approximately RMB96,169,000 (1H 2017/18: approximately RMB107,353,000). Selling and distribution expenses were approximately RMB2,638,000 (1H 2017/18: approximately RMB21,123,000), representing a decrease of 87.51%. This is because 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 corresponding period last year, in order to bring these new brands to the market. During the Review Period, with these two brands getting more recognition in the market, lower selling and distribution expenses were incurred. General and administrative expenses were approximately RMB93,531,000 (1H 2017/18: approximately RMB86,230,000), representing an increase of 8.47%. This is because more administrative expenses such as wages and salaries and other unlaunched new products related expenses were incurred in the Review Period.

Share of Loss of an Associate

During the Review Period, the Group recorded a share of loss of an associate of RMB3,566,000 (1H 2017/18: RMB1,094,000). The performance of the Group's associate referred to GFC Holdings Limited ("GFC"), an associate with approximately 36.00% of the shareholding interest held by the Group engaging in provision of food catering services, and operating restaurants, cafes and take-away outlets. The severe competition and downward economic environment of food industry in Hong Kong adversely affected the performance of GFC during the Review Period.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company was approximately RMB99,474,000 in 1H 2018/19 (1H 2017/18: approximately RMB11,495,000). The increase of loss attributable to owners of the Company was mainly due to (i) the decrease in gross profit and gross profit margin; (ii) the increase in general and administrative expenses; and (iii) the absence of the gain on final settlement on the disposal of the entire equity interest in a subsidiary of the Company related to beverage business operations of approximately RMB72,058,000 recorded in 1H 2017/18.

Securities Investments

During the Review Period, the Group has invested in securities of a listed company. The Group recorded net loss on financial assets at fair value through other comprehensive loss of approximately RMB4,539,000 (1H 2017/18: net loss on financial assets at fair value through profit or loss of approximately RMB611,000) mainly as a result of the recent volatility of the Hong Kong securities market, and no impairment loss recognised on available-for-sale financial assets (1H 2017/18: approximately RMB2,930,000).

As at 31 October 2018, the total fair value of the investment portfolio held by the Group was approximately RMB4,590,000 (30 April 2018: approximately RMB8,384,000), and consisted of financial assets at fair value through other comprehensive income of approximately RMB4,590,000 (30 April 2018: classified as available-for-sale financial assets of approximately RMB8,384,000). Financial assets at fair value through other comprehensive income 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 ("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

Several factors, such as rising commodity prices, food safety concerns, extreme weather conditions, downward economic environment, as well as US-China trade war, may continue to affect agriculture industry in China in the future. With mature domestic sales channel, vertically-integrated business model, experience in the quality control and market monitoring, the management team of the Group is confident that the Group is well positioned to face and handle these challenges and make improvement.

In the near future, the total of 200,000 mu of farmland of the Group in Baicheng City, Jilin Province, will be fully used as plantation bases for cultivation of various multi-grain products. 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.

With "Garden Life" brand and "China Green Imperial Delicacy" brand as the core, the Group will continue its journey to develop the domestic food market by launching more new value-added branded food products, create new food brands and explore new food related segment such as dietary supplements and expand the e-commerce platform by combining the existing offline and online sales channels including T-mall flagship store, WeChat mall of China Green (中綠微商城 — 中綠生活館) and JD.com store.

Besides, the management team has been looking for long-term investors and planning to appoint professional consultants to conduct a comprehensive review on the corporate structure and to formulate a restructuring plan to rationalize the organization structure, to improve the operation efficiency and to help the Group maintain its long-term development in agricultural industry in China.

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 (the "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.

In respect of the abovementioned action, the Company has been defending the claims vigorously and filed the defence on 20 December 2018.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively, and the annual report of the Company for the year ended 30 April 2018 (the "FY2017/18 Annual Report").

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. This 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 and the FY2017/18 Annual Report.

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.

In respect of the abovementioned action, the Company has been defending the claims vigorously and filed the defence on 13 September 2018.

For details about the abovementioned action, please refer to the Company's announcement dated 14 February 2018 and the FY2017/18 Annual Report.

Group's Liquidity and Financial Resources

As at 31 October 2018, the Group's total cash and cash equivalents amounted to approximately RMB427,640,000 (30 April 2018: approximately RMB475,965,000) whilst the total assets and net assets were approximately RMB2,433,472,000 (30 April 2018: approximately RMB2,520,444,000) and RMB1,738,619,000 (30 April 2018: approximately RMB1,881,227,000) respectively. The Group had current assets of approximately RMB697,266,000 (30 April 2018: approximately RMB699,644,000) and current liabilities of approximately RMB477,070,000 (30 April 2018: approximately RMB445,495,000). The current ratio was 1.46 times (30 April 2018: 1.57 times). The Group's bank borrowings amounted to approximately RMB330,000,000 (30 April 2018: approximately RMB320,000,000), of which secured bank borrowings were approximately RMB330,000,000 (30 April 2018: approximately RMB270,000,000) and unsecured bank borrowings were nil (30 April 2018: approximately RMB50,000,000). The Company's convertible notes amounted to HK$190,000,000 (equivalent to approximately RMB148,202,000) (30 April 2018: HK$190,000,000, equivalent to approximately RMB124,141,000). The gearing ratio of the Group, defined as the total borrowings and convertible notes to the shareholders' equity, amounted to 27.50% as at 31 October 2018 as compared with 23.6% as at 30 April 2018.

Capital Structure and Fund Raising Activities

As at 31 October 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 and the issued share capital was HK$69,422,850.77 divided into 6,942,285,077 shares. During the six months ended 31 October 2018, the Company has carried out the following events in relation to the capital structure:

Share Consolidation and Change in Board Lot Size

At the special general meeting held on 29 November 2018, the special resolution in relation to Share Consolidation of every 20 issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into 1 Consolidated Share of HK$0.20 each and the rounding down of the total number of Consolidated Shares to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation was duly passed by way of poll. The Share Consolidation took effect on 30 November 2018.

The board lot size for trading in the Company's shares on the Stock Exchange was changed from 4,000 to 8,000 upon the Share Consolidation became effective.

Relevant disclosure was made in the Company's announcements dated 10 October 2018, 16 October 2018 and 29 November 2018, and the Company's circular dated 6 November 2018.

Issue of New Shares under General Mandate

On 10 October 2018, the Company entered into a conditional subscription agreement (which was subsequently amended and supplemented by the supplemental agreements dated 8 November 2018 and 28 November 2018) with Mr. Cai Dingbing (蔡丁炳) as Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, 360,882,352 new shares of the Company of par value of HK$0.01 each (adjusted to 18,044,117 Consolidated Shares for the effect of the Share Consolidation) with nominal value of HK$3,608,823.52 (adjusted to HK$3,608,823.40 for the effect of the Share Consolidation) at a subscription price of HK$0.017 per Subscription Share (adjusted to HK$0.34 per Subscription Share for the effect of the Share Consolidation). The adjusted subscription price of HK$0.34 represents a discount of approximately 10.53% to the closing price of HK$0.38 per share of the Company as quoted on the Stock Exchange on 10 October 2018 and adjusted for the effect of the Share Consolidation.

The reason for carrying out the Subscription was to provide additional funding for the Group's operation in Hong Kong while broadening the capital base of the Company.

The Subscription was completed on 17 December 2018. The net proceeds amounted to approximately HK$6 million (equivalent to a net price of approximately HK$0.33 per Subscription Share), of which approximately HK$3.1 million had been used by the Company as the Group's operating funds in Hong Kong in the following manners: (i) approximately HK$1.2 million for Directors' remuneration and staff costs; (ii) approximately HK$1.2 million for audit fee and other professional fees in respect of FY2017/18 Annual Report; (iii) approximately HK$0.6 million for legal fee and service fees; and (iv) approximately HK$0.1 million for other operating expenses.

The unutilised net proceeds of approximately HK$2.9 million have been placed in banks in Hong Kong and intended to be used as the Group's operating funds in Hong Kong for the upcoming six months, in which (i) approximately HK$2.1 million will be used for Directors' remuneration and staff costs; (ii) approximately HK$0.5 million will be used for legal fee and service fees; and (iii) approximately HK$0.3 million will be used for other operating expenses.

The net proceeds were used and proposed to be used according to the intentions previously disclosed by the Company.

For the details of the Subscription, please refer to the announcements of the Company dated 10 October 2018, 8 November 2018, 28 November 2018, 11 December 2018 and 17 December 2018.

Capital Commitments and Contingent Liabilities

As at 31 October 2018, the Group has contractual capital commitments of approximately RMB192,000 (30 April 2018: approximately RMB192,000).

As at 31 October 2018, the Group had not provided any form of guarantee for any companies outside the Group and did not have any material contingent liabilities as at 31 October 2018 (30 April 2018: nil).

Financial Risk Management

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 October 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

During the six months ended 31 October 2018, the Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge on Group's Assets

As at 31 October 2018, certain property, plant and equipment and interests in leasehold land held for own use under operating leases with book value amounting to approximately RMB125,288,000 (30 April 2018: approximately RMB90,768,000) had been pledged to secure the Group's bank loans for the purpose of working capital, and no bank deposits (30 April 2018: approximately RMB1,400,000) 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 31 October 2018 and as at the date of approval of the condensed consolidated financial statements for the Review Period.

Staff, Training and Remuneration Policies

As at 31 October 2018, the Group had a total of 553 employees, of which 296 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for the six months ended 31 October 2018 was approximately RMB16.0 million (for the six months ended 31 October 2017: approximately RMB92.1 million). The decrease was mainly due to the exclusion of wages and compensation through sub-contracts since the year ended 30 April 2018. 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. In addition, the Group provides different training courses to its employees. Such trainings are either provided internally or by external parties which include personal quality and business skills training, sales training, and extra-curriculum training sessions.

Subsequent Events

Disposal of Shares in China Demeter Financial Investments Limited

During the period from 6 December 2017 to 3 December 2018 (both dates inclusive), the Group disposed a total of 58,300,000 shares of CDFIL at the price between HK$0.048 and HK$0.072 per share of CDFIL on the open market for an aggregate cash consideration of approximately HK$3.89 million (the "Disposal of Shares in CDFIL"). The aforesaid sale shares amounted to approximately 4.76% of the then issued share capital of CDFIL. Upon the completion of the Disposal of Shares in CDFIL, the Group holds 89,580,000 shares of CDFIL.

For the details of Disposal of Shares in CDFIL, please refer to the announcement of the Company dated 3 December 2018.

Termination of Master Framework and Subscription Agreement

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

As disclosed in the Company's announcement dated 18 October 2018, the Company has fully repaid in cash to Tsinghua Redbud the outstanding balance of the principal and interest under the entrusted loan in the principal amount of RMB240 million and the termination of the Master Framework and Subscription Agreement has become effective on 15 October 2018 pursuant to the terms and conditions of the MFSA Termination Agreement.

Extension of Loans

Pursuant to the loan agreements dated 27 November 2017 and 13 December 2017 (the "Loans Agreements") entered into between Easy Run Global Limited (the "Lender"), a wholly-owned subsidiary of the Company, and Global Food Culture Group Limited (the "Borrower"), a wholly-owned subsidiary of GFC, the Lender agreed to provide the loans in aggregate principal amount of HK$6,200,000 (the "Loans") at interest rate of 8% per annum to the Borrower. The maturity date of the Loans fell on 27 November 2018 and 18 December 2018 respectively.

On 18 December 2018, the Lender and the Borrower entered into two supplemental agreements to the Loan Agreements (the "Supplemental Agreements") whereby (i) the Borrower had paid the interest accrued on the Loans up to the date of the Supplemental Agreements to the Lender; and (ii) the Lender agreed to extend the repayment date of the Loans to 18 December 2019.

Details of the extension of the Loans were disclosed in the announcement of the Company dated 18 December 2018.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2018 (six months ended 31 October 2017: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 October 2018, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, are set out below:

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

(A) Long Positions in the shares of the Company of HK$0.01 each

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, the chairman, an executive Director and the chief executive officer of the Company.

(B) Long Positions in the share options granted under the share option scheme of the Company adopted on 18 October 2013

Name of Director	Date of grant	Exercise price (HK$)	Exercisable period	Outstanding as at 31 October 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 a share option scheme (the "Scheme"). The purpose of the 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.

On 30 September 2016, a resolution relating to the refreshment of the Scheme mandate limit under the Scheme was passed by the shareholders of the Company 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.

Details of the movement in the share options granted under the Scheme during the six months ended 31 October 2018 are as follows:

Category of participants	Date of grant of share option	Exercise Period	Exercise price (HK$)	Outstanding as at 1 May 2018	Granted during the period	Exercised/ cancelled/ lapsed during the period	Outstanding as at 31 October 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

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 October 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 6)*	Approximate percentage of the shareholding in the Company *(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%
Cai Dingbing *(Note 5)*	Beneficial owner	Long position	360,882,352	–	5.20%

Notes:

1. The percentage represents the number of shares/underlying shares of the Company over the total number of issued shares of the Company as at 31 October 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 notice of disclosure of interests of Convoy Global Holdings Limited and Convoy Collateral Limited filed with the Stock Exchange on 21 February 2017 respectively, 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. As at 31 October 2018, the subscription of 360,882,352 shares of the Company pursuant to the share subscription agreement entered into between the Company and Mr. Cai Dingbing has not yet been completed. Please refer to the sub-section headed "Issue of New Shares under General Mandate" under the "Management Discussion and Analysis" section of this interim report.

6. 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 31 October 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 October 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 31 October 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 six months ended 31 October 2018, the Company was in compliance with all 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 details to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. Mr. Hu Ji Rong, the chairman of each of the audit committee (the "Audit Committee"), remuneration committee, nomination committee and corporate governance committee of the Company, was unable to attend the annual general meeting of the Company held on 12 October 2018 due to his other engagement.

AUDIT COMMITTEE

The Company established the Audit Committee on 12 December 2003 with written terms of reference in compliance with the CG Code, which currently comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Zhuang Zongming. The principal duties of the Audit Committee include the review of the Company's financial reporting system, risk management and internal control systems and financial information of the Group. The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the six months ended 31 October 2018 and is of the opinion that such results have complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

By order of the Board
China Green (Holdings) Limited
Sun Shao Feng
Chairman

Hong Kong, 28 December 2018

As at the date of this report, the Board comprises two executive Directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer) and Mr. Wang Jinhuo; and three independent non-executive Directors, namely Mr. Hu Ji Rong, Mr. Wei Xiongwen and Mr. Zhuang Zongming.

* *For identification purpose only*