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 2019

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
Mr. Guo Zebin

AUDIT COMMITTEE
Mr. Hu Ji Rong *(Committee Chairman)*
Mr. Wei Xiongwen
Mr. Guo Zebin

REMUNERATION COMMITTEE
Mr. Hu Ji Rong *(Committee Chairman)*
Mr. Wei Xiongwen
Mr. Wang Jinhuo

NOMINATION COMMITTEE
Mr. Hu Ji Rong *(Committee Chairman)*
Mr. Wei Xiongwen
Mr. Wang Jinhuo

CORPORATE GOVERNANCE COMMITTEE
Mr. Hu Ji Rong *(Committee Chairman)*
Mr. Wei Xiongwen
Mr. Wang Jinhuo

COMPANY SECRETARY
Ms. Chan Pui Shan, Bessie

AUDITORS
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

HONG KONG LEGAL ADVISERS
LCH Lawyers LLP
Wellington Legal

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
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE
904

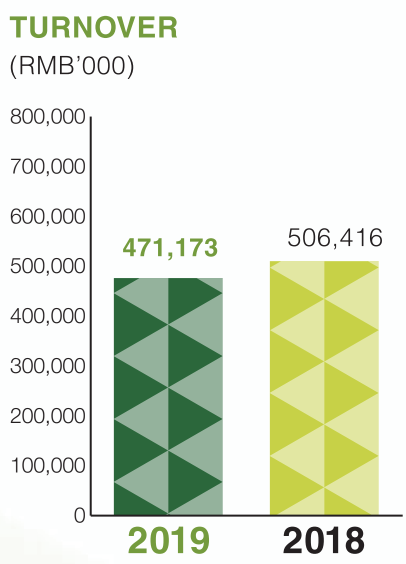
INVESTOR RELATIONS CONTACT
Tel: 2598 9838
Fax: 2598 9899
Email: ir@chinagreen.com.hk

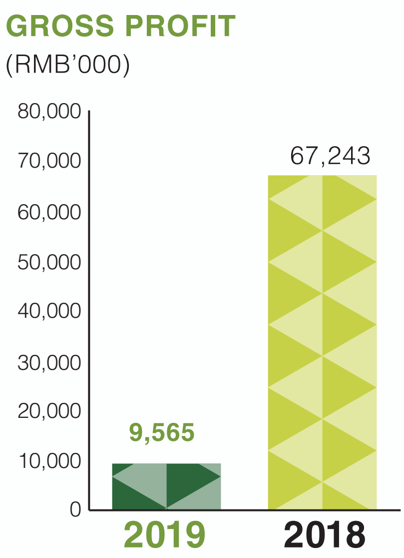
WEBSITE
http://www.chinagreen.com.hk

(RMB'000)	**2019**	2018
Turnover	**471,173**	506,416
– Fresh produce and processed products	**430,803**	476,168
– Branded food products and others	**40,370**	30,248
Gross profit	**9,565**	67,243
Gross profit margin	**2.0%**	13.3%
Loss for the year attributable to owners of the Company	**(645,071)**	(541,195)
		(Restated)
Basic loss per share (RMB)	**(1.82)**	(1.56)

Key Financial Ratios

	2019	2018
Current Ratio	**0.96 times**	1.57 times
Gearing Ratio	**33.9%**	23.6%





CHAIRMAN'S STATEMENT

Protecting the "China Green" big family through industrious preparations, prudent actions and concerted efforts

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Green (Holdings) Limited ("China Green" or the "Company"), I hereby present you with the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2019 (the "FY2018/19").

BUSINESS PERFORMANCE

The results for FY2018/2019 were not satisfactory. The Company recorded a consolidated turnover of approximately RMB471,173,000 (for the year ended 30 April 2018 ("FY2017/18"): approximately RMB506,416,000), representing a decrease of approximately 7% as compared with last year. For FY2018/19, the loss attributable to owners of the Company was approximately RMB645,071,000 (FY2017/18: approximately RMB541,195,000). Such increase in loss was mainly due to (i) the decrease in turnover, gross profit and gross profit margin; (ii) absence of gain on final settlement on the Disposal (as defined below); and (iii) increase in impairment losses recognised on property, plant and equipment and long-term prepaid rentals.

BUSINESS REVIEW

During the year under review, green agricultural plantation, multi-grain products processing, and development, production and sale of branded food products, including prepared frozen and leisure food products remained as the core businesses of the Group and maintained stable development. The Group's major agricultural cultivation base in Baicheng has almost achieved full operation, however, the quality and selling price of crops were affected, to a certain extent, by unstable climate and more frequent extreme weather conditions in the year. For branded food products, the Group launched a new category of rice flour product, updated product appearance in response to market demand, and received positive market response. In addition, the Group is also developing new products. At the same time, the Group also deepened the domestic sales and promotion channels of its products through cooperation with various well-known B2B and B2C domestic food platforms, such as Dongpin Online and Meicai. In order to achieve better public understanding towards the Company's branded food products, the Company increased its investment in advertising and promotion during the financial year.

PROSPECTS

In view of the intense competition in the industry, the ongoing US-China trade war and the volatile political environment in Hong Kong, which have adversely affected the overall economic and financing environment, the Group expects to face enormous challenges in its operations and financing in the future. 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. In terms of business diversification, the Group has preliminary intention to pursue Chinese white wine and yellow wine business acquisition so as to expand its revenue base through synergies that may be created between liquor business and the grain and food business. In addition, leveraging on the advantages of the Xiamen Free Trade Zone and the advantages of the Group's own import and export business, and through the model of combining nationwide joint purchasing together with domestic and foreign trade, the Group will expand its import and export bulk trade business with its own characteristics.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of the Group for their commitment and dedication in the past year. I would also like to express my sincere gratitude to our shareholders and business partners for their continuous support and trust in the management team.

Sun Shao Feng
Chairman of the Board

31 July 2019

REVIEW OF OPERATIONS

Results Overview

For the year ended 30 April 2019, the Group was continuously operating 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	
	2019	2018
	RMB'000	RMB'000
Revenue by products		
Fresh produce and processed products	**430,803**	476,168
Branded food products and others	**40,370**	30,248
Total	**471,173**	506,416

Fresh produce and processed products

Fresh produce and processed products primarily consisted of fresh vegetables such as sweet corns, lotus roots, radish, cucumbers, watermelons, chili peppers, horse beans and tomatoes as well as multi-grains such as red beans, green beans and peanuts. During FY2018/19, revenue from this segment amounted to approximately RMB430,803,000 (FY2017/18: approximately RMB476,168,000), which slightly decreased by approximately 9.5% compared with that of the corresponding period last year. Due to the unstable weather of FY2018/19, the production in both Tianze area of Hubei Province and Baicheng City of Jilin Province falls short of expectation which adversely affected the quality of harvests and selling price. In addition, the Group adjusted the proportion of crops planted according to the demand structure of the market by increasing the cultivation and supply of lower-priced crops in some areas, resulting in a decrease in overall revenue.

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 182,750 mu as at 30 April 2019. At the same time, the Group will pay more attention to soil quality and water control to reduce the impact of extreme weather and maintain the production capacity. The Group will also closely monitor market demand and adjust production structure in a timely manner.

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 FY2018/19, revenue from this segment was approximately RMB40,370,000 (FY2017/18: approximately RMB30,248,000), which rose by approximately 33.5% compared with that of the corresponding period last year, which was attributable to the market penetration strategy implemented in some key regions. Among all categories of branded food products, round grain rice, pearl rice and prepared frozen crayfish under "China Green Imperial Delicacy" brand are top 3 best sellers, which sales figure was approximately RMB6 million, RMB4.6 million and RMB3.5 million respectively, accounting for approximately 34.9% of the total revenue from branded food products and others business of the Group's business segments in aggregate.

In addition, the Group launched a new category of rice flour product during FY2018/19 and received positive market response.

Gross profit and gross profit margin

During FY2018/19, the Group recorded a gross profit and gross profit margin of approximately RMB9,565,000 and 2.0% (FY2017/18: gross profit and gross profit margin of approximately RMB67,243,000 and 13.3%). The drop of both gross profit and gross profit margin is mainly due to the decrease in revenue from fresh produce and processed products business of the Group's business segments and an increase in operating costs.

Other revenue

Other revenue decreased from approximately RMB6,995,000 in FY2017/18 to approximately RMB2,219,000 in FY2018/19, mainly attributable to the absence of the loan receivables interest income and the decrease in bank interest income amounted to approximately RMB1,617,000.

Other gains and losses

During FY2018/19, the Group recorded net gain on other gains and losses of approximately RMB1,265,000 (FY2017/18: net gains of approximately RMB77,543,000). The decrease in net gain is mainly due to the absence of (i) gain on final settlement on the disposal of the entire equity interest in a subsidiary of the Company related to beverage business operations (the "Disposal") of approximately RMB72,058,000 and (ii) the net gain on disposal of available-for-sale financial assets during FY2018/19.

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

There was a gain arising from changes in fair value less costs to sell of biological assets of approximately RMB6,698,000 as compared with a gain of approximately RMB3,239,000 in FY2017/18. Such gain was mainly due to the increase of market price of some biological assets such as peanuts and lotus roots as at 30 April 2019.

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

During FY2018/19, the Group recognised impairment loss on property, plant and equipment of approximately RMB209,606,000 (FY2017/18: approximately RMB108,483,000) and impairment loss on long-term prepaid rentals of approximately RMB162,826,000 (FY2017/18: approximately RMB92,380,000).

The increase in the impairment losses is mainly attributable to (a) the production in the multi grain farmland in Baicheng City, Jilin Province falling short of expectations during FY2018/19 which adversely affected the quality of harvests and selling price; and (b) decrease in the expected growth rate of revenue referencing to average consumer price index of fresh vegetables of past 5 years, which lead to a lower fair value of the assets, and therefore an impairment loss is continuously recorded in FY2018/19. As those losses as mentioned above are non-cash in nature, they have no significant impact on the cashflow of the Group for FY2018/19.

Operating Expenses

Total operating expenses decreased to approximately RMB242,681,000 (FY2017/18: approximately RMB394,138,000). Selling and distribution expenses were approximately RMB41,820,000 (FY2017/18: approximately RMB23,860,000), representing an increase of approximately 75.3%. This is because advertising and promotion cost on branded food products and others business was increased during FY2018/19. General and administrative expenses were approximately RMB200,861,000 (FY2017/18: approximately RMB370,278,000), representing a decrease of approximately 45.8%, mainly due to the reduction of repair and maintenance expense.

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

During the year, the Group recognised no impairment loss on investment in an associate (FY2017/18: approximately RMB21.8 million) and share of loss of an associate of approximately RMB3.5 million (FY2017/18: approximately RMB5.0 million).

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) and GFC has become an associate of the Group upon completion of such subscription in July 2017. For the details of the subscription and impairment losses recognized on investment in GFC for FY2017/18, please refer the Company's announcements dated 17 July 2017 and 4 August 2017 respectively, and the annual report of the Company for the year ended 30 April 2018 (the "2018 Annual Report").

The share of loss of GFC for FY2018/19 was mainly attributable to the operation of GFC fallen short of expectations due to severe competition and downward overall economic environment in Hong Kong.

Loss Attributable to Owners of the Company

During FY2018/19, loss attributable to owners of the Company was approximately RMB645,071,000 (FY2017/18: approximately RMB541,195,000). The increase was mainly due to (i) the decrease in turnover, gross profit and gross profit margin; (ii) absence of gain on final settlement on the Disposal; and (iii) increase in impairment loss recognised on property, plant and equipment and long-term prepaid rentals.

Securities Investments

During the year, the Group has invested in securities of a listed company and a non-listed company. The Group recorded net loss on financial assets at fair value through other comprehensive loss of approximately RMB4,583,000 (FY2017/18: net loss on financial assets at fair value through profit or loss of approximately RMB596,000) mainly as a result of the recent volatility of the Hong Kong securities market.

As at 30 April 2019, the total fair value of the listed investment portfolio held by the Group which partially consisted financial assets at fair value through other comprehensive income was approximately RMB1,698,000 (30 April 2018: classified as available-for-sale financial assets of approximately RMB8,384,000). The listed investment portfolio was 56,500,000 shares in China Demeter Financial Investments Limited (stock code: 8120) ("CDFIL"), the shares of which were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at 30 April 2019, the fair value of unlisted investment of the Group as part of financial assets at fair value through other comprehensive income was approximately RMB2,751,000 (30 April 2018: classified as available-for-sale financial assets of approximately RMB1,686,000). The unlisted investment represents 4.49% equity interest in an unlisted company located in Hong Kong.

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.

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 "Loan 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.

* *For identification purpose only*

OUTLOOK AND PROSPECTS

The Group has been facing a series of challenges, such as slowdown of domestic demand, inflation, corporate deleveraging in China and the US-China trade war. The Group will maintain its composure and take appropriate actions to get ready for the times ahead. Leveraging on its established green agricultural industry chain with operating history of two decades, solid supplier and distributor relationships, and the operational experience of branded products, together with the deployment of new retail models and platforms, the Group will continue to strive for the creation of a leading lifestyle platform that embodies green, health and beauty for consumers.

In the area of food processing, the Group will continue to closely monitor the huge market of healthy food and high-end food brought by consumption upgrades, accelerate the development of high-end customized agricultural product, leisure food and functional food, and create products with core competitive advantages. In the area of promotion channel, the Group will select the most suitable promotion sales channel to cater for the characteristics of various products such as grain products and minimally-processed grain products, high value-added ultra-processed products, pastry products and seasoned seafood. It will also strengthen catering channels, specialty channels, channel expansion and penetration targeting at new retail, large scale customers. Currently, remarkable results have been achieved in the area of catering channels. For example, the Group have established long-term and stable cooperation with various well-known B2B and B2C domestic food platforms, such as Xia Dian Takeaway, Dongpin Online and Meicai, and will forge ahead with channel expansion for other categories and other sales promotion channels.

In terms of business diversification, the Group is pondering the possibility of Chinese white wine and yellow wine business acquisition so as to expand its revenue base through synergies that may be created between liquor business and the grain and food business, and to deepen the integration of the Group. In addition, leveraging on the advantages of the Xiamen Free Trade Zone and the advantages of the Group's own import and export business, and through the model of combining nationwide joint purchasing together with domestic and foreign trade, the Group will expand its import and export bulk trade business with its own characteristics.

In the future, the Group will implement its technology innovation strategy and fully utilize the effectiveness of enterprise academician workstations in cultivating scientific and technological innovation teams and enhancing the independent innovation capability of enterprises. It will join hands with various scientific and technological institutions to promote technological development, and strive to become an excellent scientific and technological innovation agricultural enterprise.

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.

On 12 July 2019, the Plaintiffs obtained leave from the Court to file its Re-Amended Statement of Claim ("RASOC"). The Company's Amended Defence is due to be filed on 30 August 2019.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively, the 2018 Annual Report and the interim report of the Company for the six months ended 31 October 2018 (the "FY2018/19 Interim 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.

HCMP 41/2018 is an action commenced by Mr. Kwok Hiu Kwan ("Mr. Kwok") (26th Defendant and 26th Respondent in HCA 2922/2017 and HCMP 2773/2017 respectively) by way of Originating Summons against Convoy Holdings and four executive directors of Convoy Holdings presented at the extraordinary general meeting held on 29 December 2017 (the "EGM") for declarations and injunctions, in essence to restrain them from disregarding his voting rights and to rectify the results of the EGM. If Mr. Kwok is successful in HCMP 41/2018, it is expected that he will replace the board of directors of Convoy Holdings which means that HCA 2922/2017 and accordingly HCMP 2773/2017 will be brought to an end.

For the details of the abovementioned petition, please refer to the Company's announcement dated 3 January 2018, the 2018 Annual Report and the FY2018/19 Interim 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 and Convoy Collateral filed its reply on 7 May 2019. There has not been further steps taken since.

For details about the abovementioned action, please refer to the Company's announcement dated 14 February 2018, the 2018 Annual Report and the FY2018/19 Interim Report.

GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2019, the Group's total cash and cash equivalents amounted to approximately RMB339,022,000 (30 April 2018: approximately RMB475,965,000) whilst the total assets and net assets were approximately RMB1,803,837,000 (30 April 2018: approximately RMB2,520,444,000) and RMB1,224,918,000 (30 April 2018: approximately RMB1,881,227,000) respectively. The Group had current assets of approximately RMB490,633,000 (30 April 2018: approximately RMB699,644,000) and current liabilities of approximately RMB509,338,000 (30 April 2018: approximately RMB445,495,000). The current ratio was 0.96 times (30 April 2018: 1.57 times). The Group's bank borrowings amounted to approximately RMB260,000,000 (30 April 2018: approximately RMB320,000,000), of which secured bank borrowings were approximately RMB260,000,000 (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 RMB155,029,000) (30 April 2018: approximately RMB124,141,000). The gearing ratio of the Group, defined as the total borrowings and convertible notes to the shareholders' equity, amounted to 33.9% as at 30 April 2019 as compared with 23.6% as at 30 April 2018.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 30 April 2019, the authorised share capital of the Company was HK$1,000,000,000 divided into 5,000,000,000 shares of the Company with par value of HK$0.20 each and the issued share capital was HK$73,031,674 divided into 365,158,370 shares. During the year ended 30 April 2019, 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 (the "Consolidated Share") 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 (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 (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 at 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 "Subscription"). The adjusted subscription price of HK$0.34 represents a discount of approximately 10.53% to the adjusted closing price of HK$0.38 per share of the Company as quoted on the Stock Exchange on 10 October 2018.

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), and all had been used by the Company as the Group's operating funds in Hong Kong in the following manners: (i) approximately HK$1.6 million for Directors' remuneration and staff costs; (ii) approximately HK$1.9 million for audit fee and other professional fees in respect of the 2018 Annual Report, FY2018/19 Interim Report and the Share Consolidation; (iii) approximately HK$0.7 million for legal fee; and (iv) approximately HK$1.8 million for other operating expenses.

The net proceeds were 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 30 April 2019, the Group has contractual capital commitments of approximately RMB192,000 (30 April 2018: approximately RMB192,000).

As at 30 April 2019, the Group had not provided any form of guarantee for any companies outside the Group.

As at 30 April 2019, no provision for contingent liabilities (30 April 2018: nil) had been made by the Group due to the involvement in litigation.

PLEDGE ON GROUP'S ASSETS

As at 30 April 2019, certain property, plant and equipment and interests in leasehold land held for own use under operating leases with book value amounting to approximately RMB85,561,000 (30 April 2018: approximately RMB90,768,000) had been pledged to secure the Group's bank loans for the purpose of working capital, and bank deposits amounting to approximately RMB1,982,000 (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 30 April 2019 and as at the date of approval of the consolidated financial statements for the year ended 30 April 2019.

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 2019. 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 People's Republic of China 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 standard, 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 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. For the details of the Disposal of Shares in CDFIL, please refer to the announcement of the Company dated 3 December 2018.

EVENT AFTER THE REPORTING PERIOD

Memorandum of Understanding in respect of a Possible Acquisition and Issue of Shares Under General Mandate

On 17 May 2019, the Company entered into the non-legally binding memorandum of understanding (the "MOU") with Mr. Chen Jun Wei (陳君偉) (the "Vendor") in relation to the possible acquisition of certain equity interest in 安徽省福老酒業發展有限公司 (Anhui Fu Lao Wine Development Company Limited*) (the "Target Company") by the Company from the Vendor pursuant to the MOU (the "Possible Acquisition"), subject to the entering into the formal equity transfer agreement which may or may not be entered into by the Company and the Vendor in relation to the Possible Acquisition (the "Formal Agreement"). As at the date of approval of the consolidated financial statements for the year ended 30 April 2019, the Formal Agreement and the Possible Acquisition are still under negotiation.

Pursuant to the terms of the MOU, the Company shall pay the deposit in the amount of HK$13,884,000 to the Vendor within 10 days after the signing of the MOU (the "Deposit"). The Deposit shall be satisfied by the Company by the allotment and issue of 69,420,000 new ordinary shares of the Company at the issue price of HK$0.20 per share to the Vendor, subject to the grant of the listing of, and permission to deal in, such shares by the Stock Exchange. Such shares will be allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting held on 12 October 2018 and adjusted for the Share Consolidation (the "General Mandate") and is not subject to further shareholders' approval. As at the date of approval of the consolidated financial statements for the year ended 30 April 2019, the listing of, and permission to deal in, such shares has not been granted by the Stock Exchange to the Company.

For the details of the MOU, the Possible Acquisition and issue of the shares under General Mandate as the Deposit in connection with the Possible Acquisition, please refer to the announcement of the Company dated 17 May 2019.

STAFF AND REMUNERATION POLICIES

As at 30 April 2019, the Group had a total of 346 employees, of which 158 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for the year ended 30 April 2019 was approximately RMB31,253,000 (for the year ended 30 April 2018: approximately RMB41,874,000). The decrease is due to the reduction in the number of employees.

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.

* *For identification purpose only*

SCOPE AND REPORTING PERIOD

This is the third Environmental, Social and Governance ("ESG") report of the Company, 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").

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 2019 ("Reporting Period"), two major sources of revenue to the Group are the multi-grain farmland in Baicheng City, Jilin Province, the People's Republic of China (the "PRC"), and the aquatic plant farming in Tianze, Hubei Province, the PRC.

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 the PRC from 1 May 2018 to 30 April 2019, 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").

The same operational sites as the last reporting period, being the year ended 30 April 2018 (the "Last Reporting Period") were included in the scope of this ESG report. No major changes in the business operation have occurred. The Group has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide during the Reporting Period.

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. Key stakeholders such as shareholders, customers, employees, suppliers, government and regulators have been involved in regular engagement activities to share views and expectations regarding the Group's business operation and ESG performances.

Stakeholder Group	Engagement Channels
Employees	• Performance evaluation and training sessions held every month • Trade union meetings with employees to address issues raised by the staff • Frequent staff dinner hold to freely communicate and understand their needs and concerns
Suppliers and Business Partners	• Annual meetings • Site visits • Regular communication via email and conference calls
Customers	• Annual meetings • Promotion activities in supermarkets • Exhibitions such as the China Food & Drinks Fair 2019 (Chengdu)

In order to identify the most significant ESG aspects, the Group distributed quantitative surveys to stakeholders. Through the stakeholder surveys carried out during this Reporting Period, key material issues raised by the stakeholders mainly focused on the social aspects. Labour standards and employment were deemed as the most important topics by stakeholders.

In addition, agricultural activities such as on-field application of agrochemicals and its consequent environmental and social impact have also been identified as a concerned topic for the Group. Food safety for the canteen and the safety and health of the produced food were also considered material by stakeholders.

The above aspects were strictly managed through the Group's policies and guidelines. The Group continues to invest in financial and non-financial resources to: 1) provide a safe and professional 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.

Key achievements realized during the Reporting Period also corresponds to the continuous improvement made on the above material topics. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management.

STAKEHOLDERS' FEEDBACK

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

THE GROUP'S SUSTAINABILITY MISSION AND VISION

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, shareholders seek a healthy return on their investment, and the Group continuously commits to its ESG performance. In particular, the Group considers the 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 Vertical 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 internal employees and external seasonal workers on 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 cultivation locations in different provinces, to maximize the efficient use of local resources, to provide high-quality raw material to local food processors, and to minimize unnecessary transportations;

- diversify 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 – the ultimate Vision & Mission of the Group.

Establishment of the Food Safety Committee

Leading by the vice president, the Group has established a Food Safety Committee to track products from the whole life cycle perspective. The best-quality food is provided to customers via tracking all processes from cultivation, food processing, storage, transportation, and wholesaling and retailing. The Process/Product Monitoring and Measurement Control Procedures 過程／產品監視和測量控制程序 have been implemented during the Reporting Period, and details can be found in section B6.

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 Director 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, and closely monitors its environmental performance even if it is 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 the farmland and tests the water quality in the drainage system to make sure minimum pollutants were carried over to nearby watershed and ecosystem.

The Group has renewed 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 the following new awards during the Reporting Period:

- Appointed as the Vice President Unit for the Agricultural Industrialization Leading Enterprise Association of Fujian Province 福建省農業產業化龍頭企業協會副會長單位;
- Awarded as "the Supply Chain Innovation and Pioneer Enterprise" 全國供應鏈創新與試點企業 by the Ministry of Commerce;
- Awarded as "Innovative Brand of Xiamen on the 40th Anniversary of Reform and Opening-up" 改革開放四十周年廈門創新品牌 by Xiamen Business Federation 廈門市商業聯合會;
- Awarded as the "Agricultural Industrialization Leading Enterprise" 農業產業化國家重點龍頭企業 by the Ministry of Commerce; and
- Awarded as the "Socially Responsible Leading Enterprise" 最具社會責任獎 by Quanzhou Food Industry Association 泉州食品行業協會.

A. ENVIRONMENTAL

The Group highly values the physical environment and the ecological dynamics and adopts comprehensive Environmental Management System. Energy and water conservation policies and practices are widely implemented throughout the Group, both at the office building and agricultural fields. 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.

A1. Emissions

The Group stringently complies with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to the followings:

- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the PRC;
- Soil Pollution Prevention and Control Law of the PRC;
- Regulations on Environmental Protection in Jilin Province; and
- Regulations on Environmental Protection in Hubei Province.

During the Reporting Period, the Group has extensively updated the list on the prohibited and restricted pesticides by tracking new announcements made by the Ministry of Agriculture of the PRC. A total of 42 and 27 types of pesticides were prohibited and restricted to be applied on all farms operated by the Group by the end of this Reporting Period.

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 had been identified during the Reporting Period.

A1.1 Air Emissions

During the Reporting Period, there were no major air emissions from the farming practices of the Group. The diffusion of the chemical molecules during the application of agrochemicals was insignificant and not measured/reported.

Tianze used several diesel-fueled agro-machinery on farms which generated direct air emissions. Baicheng used agro-machinery 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. The Group also used passenger cars operated on gasoline for daily business operation. Their combustion generated several air emissions include nitrogen oxides (NO_x), sulphur oxides (SO_x) and respiratory suspended particles (PM).

	Air emissions (non-GHG) from the vehicle operations		
Mobile fuel source	**NO_x (kg)**	**SO_x (kg)**	**PM (kg)**
Diesel and gasoline	13.04	1.39	1.56

Note: Emission factors for calculations on environmental parameters throughout the report were made 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.

Liquefied Petroleum Gas (LPG) Emissions

Zhonglv has a canteen within the office building and the combustion of LPG generates SO_x and NO_x.

	Air emissions (non-GHG) from LPG combustion	
Stationary fuel source	**NO_x (kg)**	**SO_x (kg)**
LPG for canteen	1.17	0.01

A1.2 Greenhouse Gas (GHG) Emissions

There were 689 tonnes of carbon dioxide equivalent ($CO_{2eq.}$) GHG (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation during the Reporting Period.

The GHG reported included the following activities and scope:

- Direct (scope 1) GHG emissions from the consumption of gasoline, diesel and LPG;
- Energy indirect (scope 2) GHG emissions from purchased electricity;
- Other indirect (scope 3) GHG emissions from business air travel, municipal freshwater and sewage processing, and paper waste disposed at landfills.

The irrigation water used in Baicheng and Tianze was sourced from hydro-project, surface, 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).

Scope of GHG emissions	Emission sources		GHG Emission (in $tCO_{2eq.}$)	Sub-total (in $tCO_{2eq.}$)	Total GHG emission (in percentage)
Scope 1 Direct emission [1]	Combustion of fuels in stationary sources	LPG	19.14	269.28	39%
	Combustion of fuels in mobile sources	Diesel	40.69		
	Combustion of fuels in mobile sources	Gasoline	209.45		
Scope 2 Energy indirect emission [2]	Purchased electricity		372.03	372.03	54%
Scope 3 Other indirect emission	Paper waste disposed at landfills		9.65	48.15	7%
	Electricity used for processing fresh water by government departments/third parties		3.27		
	Electricity used for processing sewage by government departments/third parties		1.65		
	Business air travel by employees		33.58		
Total			689		100%

Note 1: Emission factors for calculations on environmental parameters throughout the report were made 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.

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

A1.3 Hazardous Waste

Both the office building and two farms did not generate hazardous waste. Zhonglv leased office electronic equipment, and the leasing company was responsible for any maintenance, refilling consumable items, and end-of-life treatment. For farm operations, the waste hazardous products (e.g., waste agrochemical bottles, non-used pesticide and insecticide) are collected by the suppliers for further processing. On-site self-treatment of hazardous materials is strictly prohibited.

A1.4 Non-hazardous Waste

The Group generated an approximate total of 9.69 tonnes of non-hazardous waste during the Reporting Period. Non-hazardous waste from Zhonglv was mainly office waste and organic waste from the canteen. For farm operations, crop residues from both corn and bean crops were returned to the field during the harvesting processes. Other waste disposed during the farming operations was not recorded during the Reporting Period due to insignificant quantity.

Non-hazardous waste	**Total generation (tonnes)**	**Treatment method**
Office paper	0.14	Reused by employees
	2.01	Collected by designated waste handlers
Other office waste	1.24	Collected by designated waste handlers
Organice waste from canteen	6.30	Collected by designated waste handlers

A1.5 Measures to Mitigate Emissions

Both Tianze and Baicheng applied crop residues returning to the field to reduce the direct air emissions from on-site incineration of agricultural waste, which at the same time also increases the soil fertility. The Group has a management policy on the efficient usage of the vehicle and agro-machinery to reduce direct and indirect air emissions. For 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 they are in good technical condition, not resulting in unnecessary fuel consumption, and thus indirectly reduce exhaust emissions.

A1.6 Wastes Reduction and Initiatives

During the Reporting Period, Zhonglv office established a new “trade-in” rule. When employees need to apply for new batteries and office stationeries, they need to bring in the used ones for replacement. This allows the administrative department to track the consumption record and to achieve a further reduction on unnecessary usage of office stationeries. Zhonglv office also encourages paper to be re-used with the recycling box provided next to the printer. Staff can reclaim wastepaper 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.

The Group minimizes waste generation on farms by efficient re-use of agricultural waste, following practices such as returning crop residues to the field, which also increases the soil fertility by retaining more organic materials. 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.

A2. Use of Resources

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

A2.1 Energy Consumption

During the Reporting Period, direct electricity consumption by the Group was 528,784 Kilowatt-hour (kWh). Consumption of gasoline, diesel and LPG were also converted to kWh unit. The total energy consumption including all energy sources for the Group was 1,460,699.10 kWh.

Energy Consumption Sources at the Group-level	Direct Consumption	Consumption (in kWh)
LPG for Zhonglv canteen operation	6,342.22 kg	88,401.75
Diesel for agro-machineries	15,552 Litre (L)	155,494.19
Gasoline for Group-owned vehicles	77,640 L	688,018.76

Due to the difference in the operational nature of the two farms, as well as the Zhonglv office, electricity intensity was calculated by using different methods shown in the below table.

Site	Direct electricity consumption (kWh)	Intensity	Intensity unit
Zhonglv	513,000	64.17	kWh per m^2 total floor area
Baicheng	9,243.20	0.15	kWh per ton of annual yield (including all products)
Tianze	6,541.20	0.23	kWh per annual yield for all products (in tonne)

Compared with the electricity intensity of the Last Reporting Period, Zhonglv and Tianze remained stable intensity, while Baicheng observed a slightly increase in intensity, possibly due to unstable production capacity from several testing fields.

A2.2 Water Consumption

During the Reporting Period, the total water consumption for the Group was 86,252,924 m^3. 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 groundwater, for irrigation. The water consumption for both Baicheng and Tianze was estimated by agricultural experts, based on the water demand of each crop grown. 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.

Compared with the water intensity of the Last Reporting Period, Zhonglv remained stable intensity, Tianze achieved a reduction, Baicheng observed a higher intensity, possibly due to unstable production capacity from several testing fields.

Site	Water consumption (m^3)	Intensity	Intensity unit
Zhonglv	8,124	1.02	m^3 per m^2 total floor area
Baicheng	79,844,800	1,331.19	m^3 per ton of annual yield (including all products)
Tianze	6,400,000	225.53	m^3 per ton of annual yield (including all products)

Wastewater

During the Reporting Period, Zhonglv does not have separate wastewater treatment nor records wastewater amount as they are 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. There are no national standards on agriculture wastewater monitoring, nevertheless, the Group self-monitors and applies third-party independent testing to make sure no excessive leaching to the surrounding environment.

A2.3 Energy Use Efficiency Initiatives

Zhonglv office has installed sub-meters for different functional rooms to regularly monitor the electricity usage, maintenance staff also checks all sub-meters to ensure their functionality. The Air-conditioning temperature was pre-set to reduce energy consumption while maintaining a comfortable indoor environment. Energy-saving logos were placed throughout the building to remind staff for energy saving. 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 need to ensure 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 leveling, mechanical plowing and straw returning, which increase the soil water holding capacity, and thus reduce excessive use of agro-machinery. Baicheng mainly relies on large-scale agro-machinery for the farm operation due to its large pieces of 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.

A2.4 Water Use Efficiency Initiatives

The Group continuously conserves water resources. In Zhonglv, water-saving logos were placed throughout the building to remind staff for water saving. For the farm's operation, water savings were mainly achieved through irrigation technology improvement. Farms utilized the deep straw application, modified soil infiltration rate, increased soil water holding capacity, improved rainfall utilization.

The irrigation system mainly utilizes drip irrigation, other than slow irrigation. These irrigation techniques ensure that the water demand for plant and soil is maintained, at the same time they also extensively save water consumption by reducing unnecessary evapotranspiration. Other than irrigation, a large amount of water demand for crops has been met by precipitation, especially for Tianze. During the Reporting Period, Tianze has received excessive water resources due to precipitation and has exported its water resources to the nearby waterbody.

A2.5 Packaging Material

During the Reporting Period, no product packaging was involved in 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.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group's operation did not cause significant adverse impacts on the environment and natural resources. The farmland is not converted from other land types such as protected watershed, forests, grassland, or urban land types. Farming operations preserve local eco-system through sustainable agriculture practices. Zhonglv purchases environmentally friendly cleaning products for daily operations, to minimize adverse impacts both on human beings and the environment.

The Group's 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 application efficiency. As part of the IPM, agricultural control measures are applied, such as selecting high-quality insects-/pests-resistant varieties. Biological control measures are adapted per local conditions.

The Group continuously monitors air emission, wastewater discharge, and noise level to ensure minimum impacts on the surrounding environment and creation of a healthier environment for its workers. The Group did not receive any complaints from the surrounding community regarding air pollution, odor, noise, or night light pollution.

Management 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 the growing season, around 2 – 3 times per growing season. The application amount varies per crop type. 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.

	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	3,676,300	61.29	520,000	18.32
Ca, Mg, P fertilizers	5,430,250	90.53	776,000	27.35
Potassium chloride fertilizer	1,036,050	17.27	159,750	5.63
Urea fertilizer	2,317,200	38.63	340,000	11.98
Organic fertilizer	4,139,000	69.01	878,750	30.97

B. SOCIAL

1. Employment and labour practices

The Group stringently complies with national and local laws and regulations concerning employment and labour practices, including but not limited to the followings:

- Labour Law of the PRC
- Labour Contract Law of the PRC
- Law of the PRC on the Protection of Rights and Interests of Women
- Law of the PRC on the Protection of Minors
- Law of the PRC on the Protection of Disabled Persons
- Trade Unions of the PRC
- Social Insurance Law of the PRC
- Regulation on Paid Annual Leave for Employees
- Provisions on the Prohibition of Using Child Labour

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 had been identified during the Reporting Period.

B1. Employment

The Group had a total number of 99 employees from Zhonglv, Tinaze, and Baicheng as at 30 April 2019. All of them were from the PRC. No major changes on Human Resources (HR) Policy occurred during the Reporting Period, which continues to guide the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, and other benefits and welfare.

The Group follows all applicable national laws when implementing the employees' welfare system. In many occasions, the Group has welfare policies exceeding the Labour Law of the PRC, including generous maternity leave, paternity leave, bereavement leave etc. To enrich the employees' after-hours activities and for the 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 extra meals during periods of Chinese traditional festivals, such as the Dragon Boat Festival and the Lantern Festival.

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 a 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.

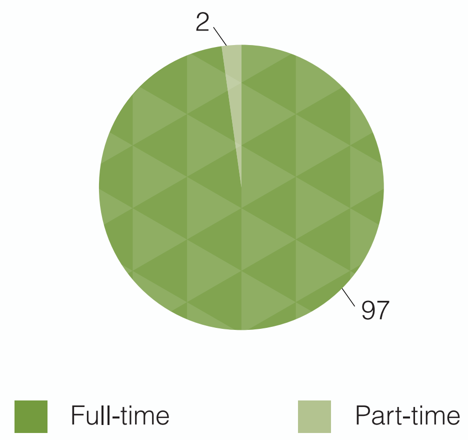
The Group follows all applicable laws and the internal policy of "ranking by position, grading by ability, and awarding by performance" to distribute compensation and benefits. The remuneration structure is set objectively based on the personnel's position and performance. When employees obtain over 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 bought commercial insurance for female and male employees over 50 and 60 years old, respectively.

The appraisal process is clearly stated within the HR Manual and follows the below procedure: individual proposes an application, then the Approval Form for Employee Promotion Application shall be filled, 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.

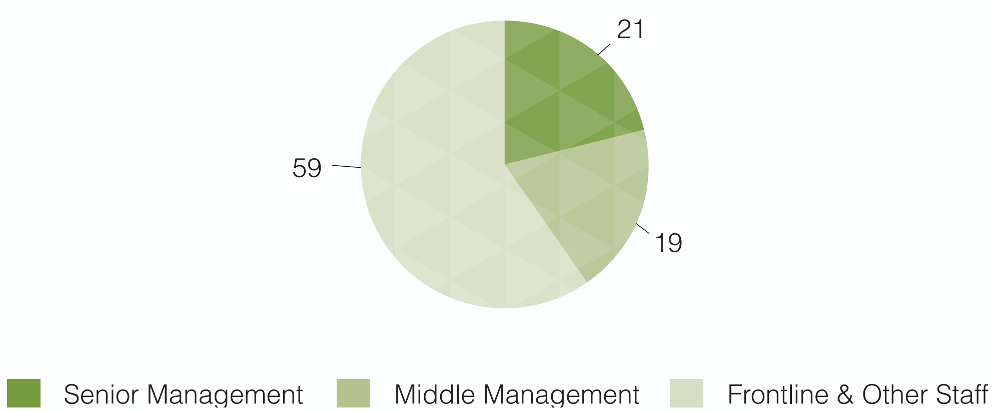
The HR Policy also regulates resignation, dismissal and other related matters. The employees shall submit the resignation application form to the department 30 days in advance, and the employees in probation shall submit the application form to the department 3 days in advance. The department involved shall communicate with the resigned employees about the reasons for resignation and then sign and approve the application. The Group may, on its own initiative, terminate the employment relationship with the employees under various situations such as for those who have seriously violated the Group's rules and regulations.

The Group is committed to providing equal opportunities for all employees. All 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.

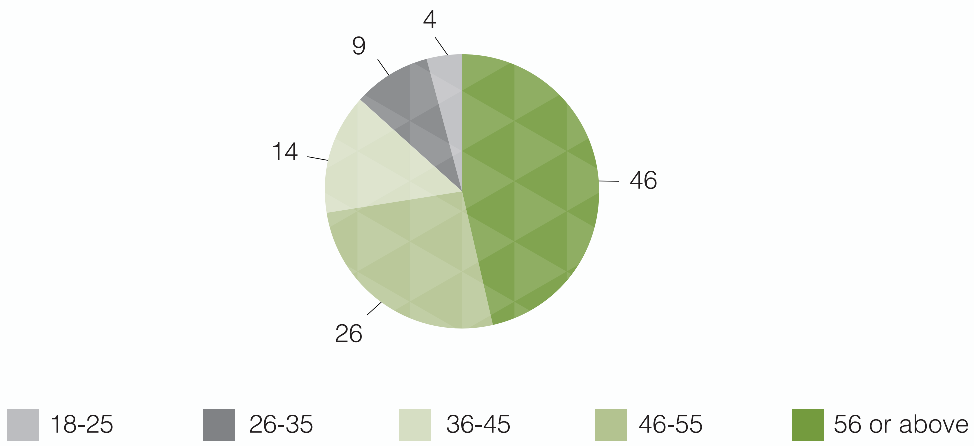
Total Workforce (number of employees) by Employment Type



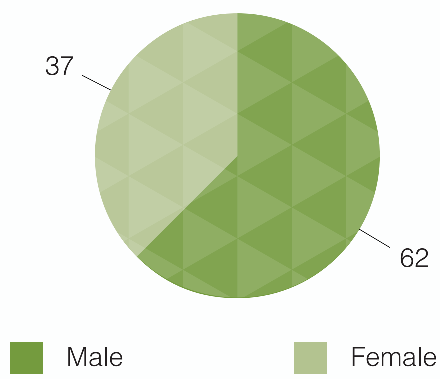
Total Workforce (number of employees) by Employment Category



Total Workforce (number of employees) by Age Group

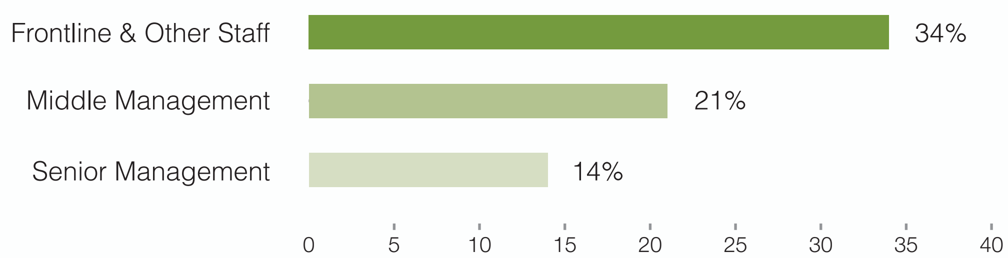


Total Workforce (number of employees) by Gender

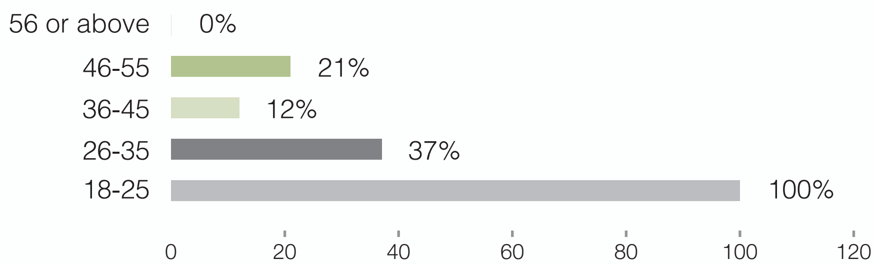


The overall annual employee turnover rate was 28% with 27 employees left the Group during the Reporting Period. Turnover was significant reduced compared with that of the Last Reporting Period.

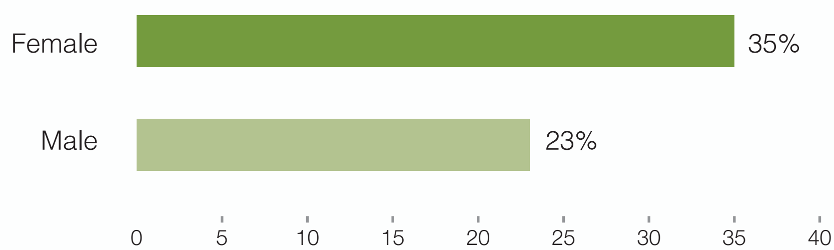
Total Turnover Rate by Employment Category



Total Turnover Rate by Age



Total Turnover Rate by Gender



B2. Employee Health and Safety

The Group highly values the importance of providing a safe and accident-free working environment for employees. The Group follows relevant laws and regulations such as Law of the PRC on the Prevention and Control of Occupational Diseases, and Law on Safety Production. 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.

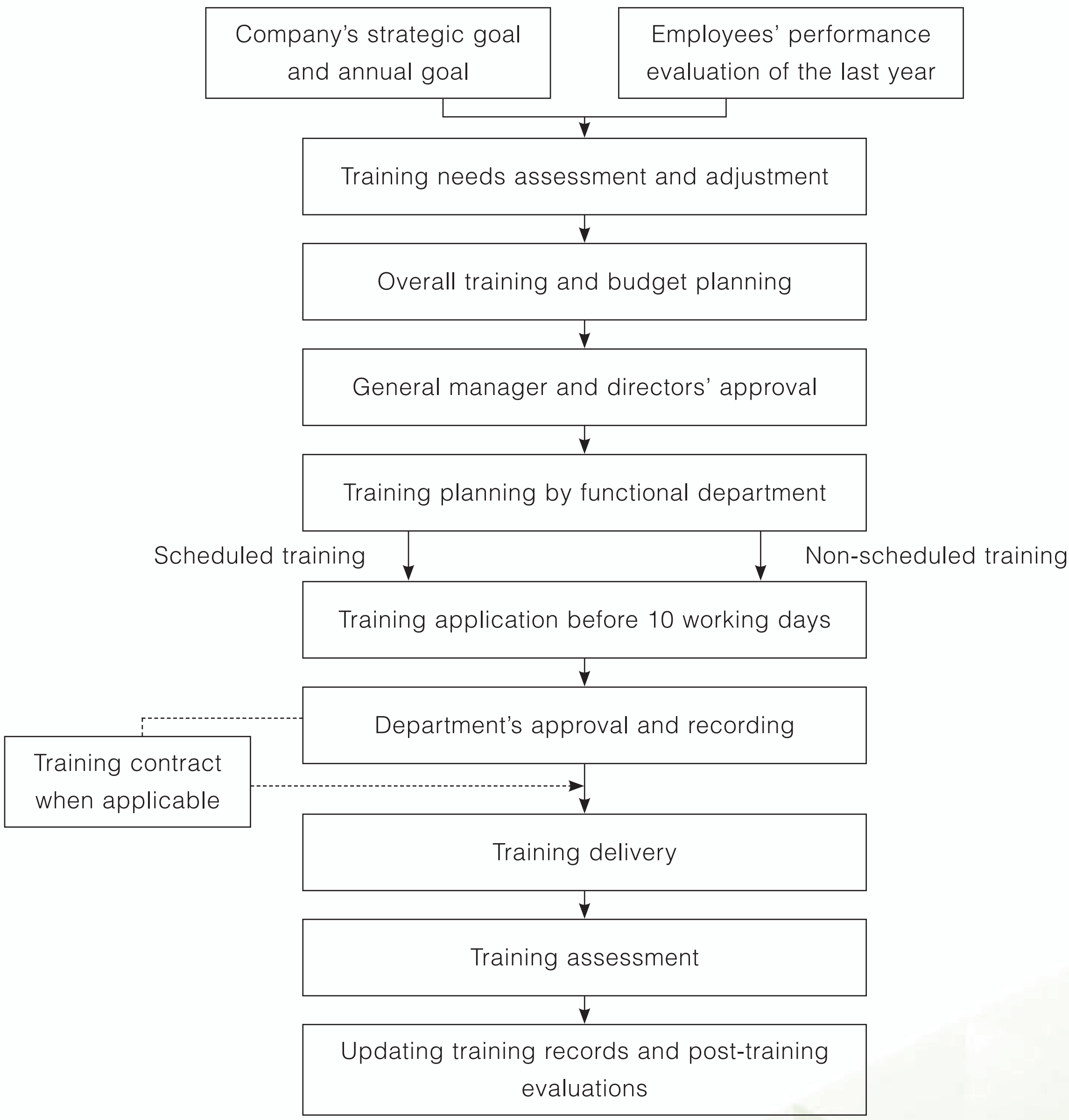
The major health risk is for farm workers to apply agrochemicals. While all agrochemicals applied are low-toxic and low-residue, there are inevitably health risks posed to farm workers especially if they are directly inhaled. All farm workers are equipped with designated masks, gloves and other personal protection equipment to lower the risks to the minimum extent. No complaints nor accidents were reported during the Reporting Period.

Zhonglv office checks all escape exits regularly to make sure they are not blocked. Fire control system is checked to ensure their 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 were no work-related fatality or injury cases during the Reporting Period.

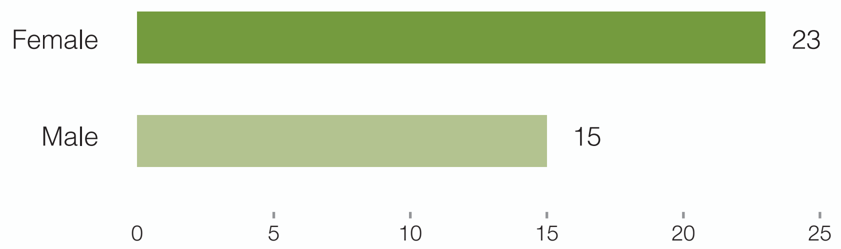
B3. Development and Training

The Group provides comprehensive career development and training to employees. The HR Policy regulates the development and training activities within the Group. Each year before the end of December, the HR Department sends 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. The detailed training management procedure is outlined below.

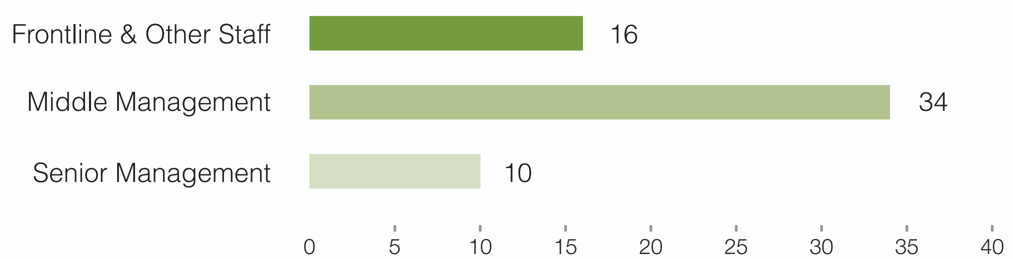


Different training courses have been provided during the Reporting Period. A total of 1,780 training hours were completed for a total of 50 employees.

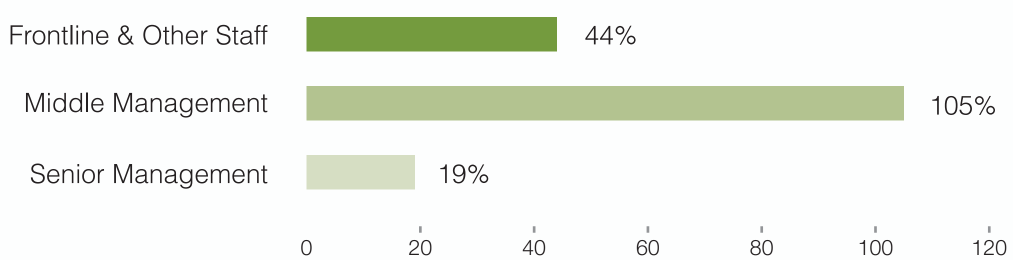
Average Training Hours Completed per Employee by Gender (Hour)



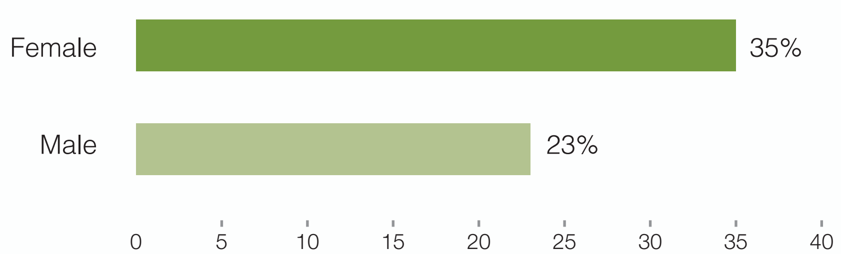
Average Training Hours Completed per Employee by Employee Category (Hour)



Percentage of Employees Trained by Employee Category (%)



Percentage of Employees Trained by Gender (%)



B4. Labour Standards

The Group strictly follows relevant laws and regulations such as Labour Law and Labour Contract Law of the PRC, Provisions on the Prohibition of Using Child Labour. 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 the internal control, the Group also closely monitors contractors' labour practice. Farm operations sometimes involve external workers employed by contractors. HR personnel of the Group will take on-site survey to examine all worker's personal ID, ensuring that no child labour work on farms.

No child labour, forced, or compulsory labour was reported and/or identified within any sites of the Group during the Reporting Period. There are no major risks associated with incidents of child labour, forced or compulsory labour within the Group's business operation.

2. Operating Practices

B5. Supply Chain Management

The Group strictly monitors the procurement procedures to ensure product compliance and final product quality is not affected by raw materials. The Group has no standardized policy on managing the environment and social risks of the supply chain. Nevertheless, the Group encourages suppliers to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance.

During the selection and evaluation processes of distributors and suppliers of raw materials and services, 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.

The Group evaluates those qualified suppliers every year to evaluate suppliers' qualifications and product quality, to ensure they continue to meet standards. While simple physical tests are performed within the Group's own facilities, several batches are selected randomly to send to third-party testing laboratories where more accurate tests will be performed.

For food procurement in Zhonglv, the canteen purchasing staff are responsible for the health and safety of the purchased food. All food shall be freshly purchased on the day of the consumption. Chefs are responsible to check the food quality during preparation of meals.

During the Reporting Period, the Group has engaged 134 suppliers.

Geographical Region	Types of Suppliers	Number of suppliers
Mainland China	Food ingredients and raw materials and service suppliers	128
Taiwan	Food ingredients (e.g. Chinese yam, vegetables, barley)	1
New Zealand	Food ingredients (e.g. milk)	1
Vietnam	Food ingredients (e.g. rice)	2
Spain	Food ingredients (e.g. wine)	1
Australia	Food ingredients (e.g. wine)	1

B6. *Product Responsibility*

Product Labelling, Health and Safety, and Advertising

Packaging of all food products has clear indication of its raw materials, and including allergic information, whether or not containing Genetically Modified Food, nutrient information etc. All relevant activities follow applicable laws and regulations such as the Advertisement Law of the PRC, the Trademark Law of the PRC, Anti-Unfair Competition Law of the PRC. No false nor misleading contents shall be contained within any advertisement. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising and labeling relating to products and services provided had been identified during the Reporting Period.

Quality Assurance

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.

During the Reporting Period, the Group has established the Process/ Product Monitoring and Measurement Control Procedures 過程／產品監視和測量控制程序 to ensure quality assurance and quality control of products and services provided to consumers. The detailed management procedure is outlined below.

Working processes	Responsible parties	Forms and records
Providing the product and service	All functional departments	
Measuring and monitoring	Directors of each department	
Checking	Administrative department	Evaluation form
Accepting → Evaluation summary	Administrative department	
Corrective measures	The responsible department	Corrective action table
Control on the non-conformance	The responsible department	Record of treatment of non-conformance

Not accepting

During the Reporting Period, the Group did not receive any recall of products due to safety and health reasons. There were no non-compliance cases noted in relation to product quality.

Data Protection

The Group ensures strict compliance with the statutory requirements to fully meet a high standard of security and confidentiality of personal data privacy protection. 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 per employee position. No incident of data breaching or divulging of confidential information was found during the Reporting Period.

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, 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.

During the Reporting Period, there were no non-compliance cases noted in relation to the investment practices and data privacy that had a significant impact on the Group.

Intellectual Property

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 no similar patterns be issued before the Group applies for a new trademark. In case there are similar trademarks found, the Group will issue an objection letter to the trademark office, who will follow up 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.

B7. Anti-corruption

To ensure ethical conduction of business, the Group strictly follows the Anti-Unfair Competition Law of the PRC, Criminal Law of the PRC, and other laws, regulations and regulatory documents related to commercial bribery.

As stated in the HR Policy, all employees are required to carry out the Group's business operation with integrity. Potential bribery, extortion, fraud and money laundering are strictly prohibited. Employees violating such prohibition will be subject to warnings and disciplinary action while the whistle-blowers will be rewarded.

The Group has a whistle-blowing 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.

The Group has not aided, abetted, assisted or colluded with an individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering had been identified during the Reporting Period.

B8. Community Investment

The Group strives to implement corporate social responsibility and actively participates in public welfare activities and will consider formulating formal policies on community engagement in the future. The Group highly encourages employees to participate in local sports activities. During the Reporting Period, the Group has donated RMB700,000 to support poor students in Huli District, Xiamen via collaborating with Xiamen Glorious Career Promotion Association 廈門市光彩事業促進會.

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 2019, 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.

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 of the Company (the "Audit Committee"), remuneration committee of the Company (the "Remuneration Committee"), nomination committee of the Company (the "Nomination Committee") and corporate governance committee of the Company (the "Corporate Governance Committee"), was unable to attend the annual general meeting of the Company held on 12 October 2018 due to his other engagement.

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 2019.

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.

As at 30 April 2019 and the date of this report, the Board 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
Mr. Guo Zebin

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 64 to 65 under the section headed "Biographies of Directors".

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 Corporate Governance 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 2019 to the Company. The individual training record of each Director received for the year ended 30 April 2019 is set out below:

	Type of Training
Mr. Sun Shao Feng *(Chairman and CEO)*	A
Mr. Wang Jinhuo	A
Mr. Hu Ji Rong	A
Mr. Wei Xiongwen	A
Mr. Guo Zebin	B

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, accounting, agricultural product processing and storage engineering, 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 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 Mr. Guo Zebin, being all the independent non-executive Directors, were appointed for a term of 2 years and subject to retirement by rotation, and Mr. Guo Zebin is also subject to retirement and re-election at the next following general meeting of the Company after his appointment 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	N/A	N/A	N/A	N/A
Mr. Wang Jinhuo	4/4	2/2	N/A	3/3	3/3	1/1
Independent Non-executive Directors:						
Mr. Hu Ji Rong	4/4	1/2	3/3	3/3	3/3	1/1
Mr. Wei Xiongwen	4/4	1/2	3/3	3/3	3/3	1/1
Mr. Guo Zebin *(Appointed with effect from 18 April 2019) (Note 1)*	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Yu Xiao Min *(Retired with effect from 12 October 2018) (Note 2)*	1/1	0/1	1/2	N/A	N/A	N/A
Mr. Zhuang Zongming *(Appointed with effect from 12 October 2018 and resigned with effect from 18 April 2019) (Note 3)*	1/2	1/1	1/1	N/A	N/A	N/A

Notes:

1. Mr. Guo Zebin has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 18 April 2019. No Board meeting, Audit Committee's meeting and general meeting held during his tenure.

2. Ms. Yu Xiao Min retired as an independent non-executive Director and ceased to be a member of the Audit Committee with effect from 12 October 2018. Her attendances above were stated by reference to the number of meetings held during her tenure.

3. Mr. Zhuang Zongming has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 12 October 2018. He resigned as an independent non-executive Director and ceased to be a member of the Audit Committee with effect from 18 April 2019. 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 2019, 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 2019, 2 general meetings of the Company were held, being the annual general meeting held on 12 October 2018 and the special general meeting held on 29 November 2018.

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 Mr. Guo Zebin.

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 2019, the Audit Committee held 3 meetings and passed resolutions by way of written resolutions, at which the members of the Audit Committee principally (i) reviewed the Group's financial statements for the year ended 30 April 2018 and recommended the re-appointment of the external auditors; (ii) reviewed the Group's financial statements for the six months ended 31 October 2018; (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 2018; and (iv) overview of the planned scope and timing of the audit of the consolidated financial statements of the Group for the year ended 30 April 2018. 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 2019 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.

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

(a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;

(d) bringing a range of business and financial experience to the Board, giving the Board and any committees on which he/she serves the benefit of his/her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;

(e) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

(f) ensuring the committee on which he/she serves to perform their powers and functions conferred on them by the Board; and

(g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

If the candidate is proposed to be appointed as an independent non-executive Director, his/her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he/she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

During the year ended 30 April 2019, the Nomination Committee held 3 meetings, 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 candidates 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 2019, the Remuneration Committee held 3 meetings, at which the Remuneration Committee (i) reviewed the policy and structure of remuneration of the Directors and senior management; and (ii) considered and recommended to the Board the remuneration package for the proposed new Directors.

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 2019, by band is set out below:

Remuneration Band	Number of individuals
Nil to HK$1,000,000	5
HK$1,000,001 to HK$2,000,000	2
HK$2,000,001 to HK$3,000,000	0
HK$3,000,001 to HK$4,000,000	0
HK$4,000,001 to HK$5,000,000	0
HK$5,000,001 to HK$6,000,000	0
HK$6,000,001 to HK$7,000,000	0
Above HK$7,000,001	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 two independent non-executive Directors and an executive Director, 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 2019, 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 2019, the remunerations paid/payable to the Company's auditors, HLB Hodgson Impey Cheng Limited, are set out as follows:

Services rendered	**Fee paid/payable**
	RMB'000
Audit services	**1,374**
Non-audit services *(Note)*	**9**
	1,383

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 2019.

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.

DIVIDEND POLICY

The Company seeks to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow Shareholders to participate in the Company's profit and for the Company to retain adequate reserves for the Group's future growth. In proposing any dividend payout, the Company would consider various factors including but not limited to the Group's overall results of operation, financial condition, working capital requirements, capital expenditure requirements, liquidity position, future expansion plans, general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group. Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and regulations and the Company's constitutional documents. The Company does not have any predetermined dividend distribution proportion or distribution ratio. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 30 April 2019.

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 2019, 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

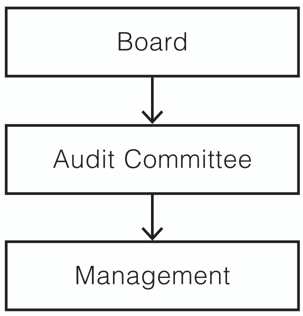
The Board's Responsibilities for the Risk Management and Internal Control Systems

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 2019.

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.
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 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 responses of the Group's management to these findings.

Role	Major Responsibilities	
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 2019 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.

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng ("Mr. Sun") (孫少鋒), aged 54, 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 of the Company 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 42, 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 18 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 62, 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 51, 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 practicing 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.

Mr. Guo Zebin ("Mr. Guo") (郭澤鑌), aged 33, was appointed as an independent non-executive Director on 18 April 2019. Mr. Guo obtained his doctorate degree in the agricultural product processing and storage engineering from the Fujian Agriculture and Forestry University in June 2014. He went aboard to the United States and served as a visiting scholar of the North Dakota State University during the period from June 2013 to December 2013. He is currently an associate professor and an instructor of doctorate students in the College of Food Science of the Fujian Agriculture and Forestry University, an 理事 (executive) in the ninth committee of 福建省食品工業協會 (Fujiansheng Shipin Gongye Xiehui), an 理事 (executive) in the fourth committee of 福建營養學會 (Fujian Nutrition Association) and a 常務理事 (general executive) in the third committee of 福建省食品添加劑和配料工業協會 (Fujian Food Additive and Ingredient Association). Mr. Guo was the major co-operator or participated in several research projects, which awarded several awards by the People's Government of Fujian Province, the Fujian Agriculture and Forestry University and 福建省食品工業協會 (Fujiansheng Shipin Gongye Xiehui), and published several papers as the lead author and corresponding author, including "Ultrasonics Sonochemistry", "Food Chemistry" and "Food Hydrocolloids". He is also the member of the Audit Committee.

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 2019.

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 2019 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 2019 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 86 to 91 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2019 (2018: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 18 October 2019 (the "2019 AGM").

For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Tuesday, 15 October 2019 to Friday, 18 October 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2019 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 Monday, 14 October 2019.

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;

(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; and

(g) significant event that have an effect on the Group subsequent to the year ended 30 April 2019 are shown in the "Management Discussion and Analysis" section of this annual report.

These discussions form part of this Directors' Report.

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 windresisting 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. For details, please refer to the "Environmental, Social and Governance Report" of this annual report.

(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 Risks

The Group is exposed to financial risks, including credit, interest rate, currency, liquidity and equity 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.

(f) Risk of Losing Key Personnel

The Group's success and ability to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified managerial, sales, marketing, administrative, operating, and technical personnel. The loss of key personnel could materially and adversely affect the Group's prospects and operations.

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 are 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 2019 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 2019, as extracted from the audited consolidated financial statements of the Company is set out on page 222 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Subsequent to the Share Consolidation took effect on 30 November 2018 and as at 30 April 2019, the authorised share capital of the Company was HK$1,000,000,000 divided into 5,000,000,000 shares of the Company with par value of HK$0.20 each and the issued share capital was HK$73,031,674 divided into 365,158,370 shares.

Details of movements in the share capital of the Company during the year ended 30 April 2019, 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 2019 are set out in the consolidated statement of changes in equity on page 90 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 2019 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 (2018: approximately RMB1,220,238,000) is available for distribution to its Shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out 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 2019, the reserves of the Company were not available for distribution (2018: Nil). In addition, the Company's share premium account, in the amount of approximately RMB1,155,545,000 at 30 April 2019 (2018: approximately RMB1,153,451,000), 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 2019.

DIRECTORS

The Directors during the year ended 30 April 2019 and up to the date of this annual report were as follows:

Executive Directors

Mr. Sun Shao Feng *(Chairman and CEO)*

Mr. Wang Jinhuo

Independent Non-executive Directors

Mr. Hu Ji Rong

Mr. Wei Xiongwen

Mr. Guo Zebin *(Appointed with effect from 18 April 2019)*

Ms. Yu Xiao Min *(Retired with effect from 12 October 2018)*

Mr. Zhuang Zongming *(Appointed with effect from 12 October 2018 and resigned with effect from 18 April 2019)*

In accordance with Bye-law 87(1) of the Company's Bye-laws, Mr. Wang Jinhuo and Mr. Wei Xiongwen will retire by rotation at the 2019 AGM. In addition, by virtue of Bye-law 86(2) of the Company's Bye-laws, Mr. Guo Zebin shall retire as Director at the 2019 AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the 2019 AGM.

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 2019, with an independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. During the year ended 30 April 2019 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

None of the Directors who are proposed for re-election at the 2019 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' BIOGRAPHIES

Biographical details of the Directors are set out on pages 64 to 65 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2019, 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 of the Company of HK$0.20 each

Name of Director	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Mr. Sun Shao Feng	Interest of controlled corporation	18,327,330 *(Note)*	5.02%

Note: These 18,327,330 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 granted under the Share Option Scheme

Name of Director	Date of grant	Exercise price per share option (HK$)	Exercisable period	Outstanding as at 30 April 2019
Mr. Sun Shao Feng	18 January 2018	0.64	18 January 2018 to 17 January 2028	3,400,000
Mr. Wang Jinhuo	18 January 2018	0.64	18 January 2018 to 17 January 2028	3,250,000

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, employees 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 of the Company held on 12 October 2018, a resolution relating to the refreshment of the mandate limit under the Share Option Scheme (the "Scheme Mandate Limit") 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, which do not include share options that are outstanding, cancelled or lapsed as at the date of passing such resolution, i.e. 694,228,507 shares that may be issued under 694,228,507 outstanding share options granted.

The aforesaid 694,228,507 outstanding share options granted had been adjusted to 34,711,425 share options for the effect of the Share Consolidation with effect from 30 November 2018, and the Scheme Mandate Limit had been adjusted to 34,711,425 shares for the effect of the Share Consolidation with effect from 30 November 2018.

(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 the 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 2019 are as follows:

Category of participants	Date of grant of share option	Exercise Period	Adjusted exercise price per share option due to Share Consolidation (HK$) *(Note)*	Outstanding as at 1 May 2018	Granted during the year	Exercised/ cancelled/ lapsed during the year	Adjustment due to Share Consolidation *(Note)*	Outstanding as at 30 April 2019
Directors								
Mr. Sun Shao Feng	18 January 2018	18 January 2018 to 17 January 2028	0.64	68,000,000	–	–	(64,600,000)	3,400,000
Mr. Wang Jinhuo	18 January 2018	18 January 2018 to 17 January 2028	0.64	65,000,000	–	–	(61,750,000)	3,250,000
Sub-total				133,000,000	–	–	(126,350,000)	6,650,000
Employees								
In aggregate	18 January 2018	18 January 2018 to 17 January 2028	0.64	561,228,507	–	–	(533,167,082)	28,061,425
Total				694,228,507	–	–	(659,517,082)	34,711,425

Note: Number of shares that can be subscribed for upon exercise of the outstanding share options stated in the table below and exercise price are restated taking into adjustments as a result of the Share Consolidation which took place during the year ended 30 April 2019.

As at 30 April 2019, 69,422,850 shares are issuable under the Share Option Scheme, representing approximately 19.01% of the shares in issue as at 30 April 2019 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 2019 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 2019, 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	18,327,330	–	5.02%
Convoy Collateral Limited *(Note 3)*	Beneficial owner	Long position	–	95,000,000	26.02%
Convoy Global Holdings Limited *(Note 3)*	Interest of controlled corporation	Long position	–	95,000,000	26.02%
Jun Yang Financial Holdings Limited *(Note 4)*	Interest of controlled corporation	Long position	22,208,400	–	6.08%

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 2019 (i.e. 365,158,370 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 18,327,330 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. The number of underlying shares held by Convoy Collateral Limited, as the beneficial owner, and Convoy Global Holdings Limited, as the interest of controlled corporation, became 95,000,000 underlying shares respectively after the adjustments as a result of the Share Consolidation which took place during the year ended 30 April 2019.

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. The number of shares held by Jun Yang Financial Holdings Limited, as the beneficial owner, became 22,208,400 shares after the adjustments as a result of the Share Consolidation which took place during the year ended 30 April 2019.

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 shares or underlying shares of the Company as at 30 April 2019.

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 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2019, 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 2019, 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 2019, 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 ended 30 April 2019.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was approximately 36.42% of the Group's purchase and the largest supplier to the Group was approximately 17% of the Group's purchase for the year ended 30 April 2019.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 12.65% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 4% of the Group's turnover for the year ended 30 April 2019.

None of the Directors, their close 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 2019 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 2019 and up to the date of this annual report.

DONATION

During the year ended 30 April 2019, the Group made charitable donations amounting to RMB700,000 (2018: RMB300,000) in the PRC.

AUDITORS

A resolution will be proposed at the 2019 AGM to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the Board

China Green (Holdings) Limited
Sun Shao Feng
Chairman
Hong Kong, 31 July 2019

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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

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

OPINION

We have audited the consolidated financial statements of China Green (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 86 to 219, which comprise the consolidated statement of financial position as at 30 April 2019, 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 2019, 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately RMB645,071,000 for the year ended 30 April 2019 and, as of that date the Group had net current liabilities of approximately RMB18,705,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 and accounting policies in Note 2 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 RMB747,220,000, RMB471,532,000 and RMB117,132,000 relating to the fresh produce and processed products business as at 30 April 2019 respectively. Management performed impairment assessment and concluded that an impairment loss on properties, plant and equipment and long-term prepaid rentals of approximately RMB209,606,000 and RMB162,826,000 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 cash-flows, 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 Wong Sze Wai, Basilia.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 31 July 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2019

	Notes	2019 RMB'000	2018 RMB'000
Turnover	4	**471,173**	506,416
Cost of sales		**(461,608)**	(439,173)
Gross profit		**9,565**	67,243
Other revenue	5(a)	**2,219**	6,995
Other gains and losses	5(b)	**1,265**	77,543
Gain arising from changes in fair value less costs to sell of biological assets		**6,698**	3,239
Impairment loss on property, plant and equipment	14	**(209,606)**	(108,483)
Impairment loss on long-term prepaid rentals	16	**(162,826)**	(92,380)
Selling and distribution expenses		**(41,820)**	(23,860)
General and administrative expenses		**(200,861)**	(370,278)
Impairment loss recognised on investment in an associate	18	**–**	(21,825)
Share of loss of an associate	18	**(3,545)**	(4,990)
Share of loss of a joint venture	19	**(94)**	–
Loss from operations		**(599,005)**	(466,796)
Finance costs	6(a)	**(46,066)**	(44,650)
Loss before taxation	6	**(645,071)**	(511,446)
Income tax	7	**–**	(29,749)
Loss for the year attributable to owners of the Company		**(645,071)**	(541,195)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2019

	Notes	2019 RMB'000	2018 RMB'000
Other comprehensive (loss)/income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(10,771)**	17,916
Exchange differences on translation of financial statements of investment in an associate		**219**	(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)
		(10,552)	17,446
Items that will not reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(4,583)**	–
Other comprehensive (loss)/income for the year		**(15,135)**	17,446
Total comprehensive loss for the year attributable to owners of the Company		**(660,206)**	(523,749)
Loss per share attributable to owners of the Company (RMB)			(restated)
– Basic and diluted	11	**(1.82)**	(1.56)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	14	**747,220**	1,055,131
– Interests in leasehold land held for own use under operating leases	15	**114,094**	117,132
Long-term prepaid rentals	16	**446,755**	634,361
Investment in an associate	18	**–**	3,326
Investment in a joint venture	19	**686**	780
Financial assets at fair value through other comprehensive income	20	**4,449**	–
Available-for-sale financial assets	21	**–**	10,070
		1,313,204	1,820,800
Current assets			
Inventories	22	**4,299**	5,656
Biological assets	23	**13,732**	11,112
Current portion of long-term prepaid rentals	16	**24,777**	36,701
Trade and other receivables	24	**106,821**	168,810
Pledged bank deposits	25	**1,982**	1,400
Cash and cash equivalents	26	**339,022**	475,965
		490,633	699,644
Current liabilities			
Trade and other payables	27	**68,060**	100,783
Bank borrowings	28	**260,000**	320,000
Income tax payable	29	**17,804**	17,804
Derivative financial liability	30(c)	**–**	233
Amount due to a director	31	**7,102**	6,675
Amount due to a shareholder	32	**1,343**	–
Convertible notes	30	**155,029**	–
		509,338	445,495

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2019

	Notes	2019 RMB'000	2018 RMB'000
Net current (liabilities)/assets		**(18,705)**	254,149
Total assets less current liabilities		**1,294,499**	2,074,949
Non-current liabilities			
Deferred tax liabilities	29	**69,581**	69,581
Convertible bonds/notes	30	**–**	124,141
		69,581	193,722
Net assets		**1,224,918**	1,881,227
Capital and reserves			
Share capital	33	**62,247**	59,062
Reserves		**1,162,671**	1,822,165
Total equity attributable to owners of the Company		**1,224,918**	1,881,227

Approved and authorised for issue by the board of directors on 31 July 2019.

Sun Shao Feng
Director

Wang Jinhuo
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2019

	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-based payment reserve RMB'000	Merger reserve RMB'000	Contribution surplus RMB'000	Financial assets at fair value through other comprehensive income reserve RMB'000	Exchange reserve RMB'000	Retained profits/ (accumulated loss) RMB'000	Total RMB'000
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
Impact on initial application of HKFRS 9 *(Note 3)*	–	–	–	–	–	–	–	(34,235)	–	32,853	(1,382)
As at 1 May 2018 as restated	59,062	1,153,451	249,850	–	10,950	14,694	925,834	(34,235)	(161,868)	(337,893)	1,879,845
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	(10,771)	–	(10,771)
Exchange differences on translation of financial statements of investment in an associate	–	–	–	–	–	–	–	–	219	–	219
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(4,583)	–	–	(4,583)
Loss for the year	–	–	–	–	–	–	–	–	–	(645,071)	(645,071)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(4,583)	(10,552)	(645,071)	(660,206)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	–	–	–	12,115	–	(12,115)	–
Issue of new shares	3,185	2,229	–	–	–	–	–	–	–	–	5,414
Transaction cost of share consolidation	–	(135)	–	–	–	–	–	–	–	–	(135)
As at 30 April 2019	62,247	1,155,545	249,850	–	10,950	14,694	925,834	(26,703)	(172,420)	(995,079)	1,224,918

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2019

	Notes	2019 RMB'000	2019 RMB'000	2018 RMB'000	2018 RMB'000
Operating activities					
Cash used in operations	26(b)		**(54,119)**		(280,424)
PRC enterprise income tax paid	29(a)		**–**		(29,749)
Net cash used in operating activities			**(54,119)**		(310,173)
Investing activities					
Payment for purchase of fixed assets		**(5,373)**		(44,662)	
Payment for long-term prepaid rentals		**–**		(470,400)	
Proceeds from disposals of property, plant and equipment, net of cash disposed		**359**		–	
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	
(Increase)/decreased in pledged bank deposits		**(582)**		128,600	
Interest received		**2,051**		3,668	
Dividend income from financial assets at fair value through profit or loss		**–**		247	
Net cash used in investing activities			**(3,545)**		(208,297)
Financing activities					
Payment of capital reorganisation		**–**		(306)	
Issue of new share, net		**5,279**		–	
Increase in borrowings		**650,000**		290,000	
Repayment in borrowings		**(710,000)**		(631,300)	
Interest paid		**(23,077)**		(25,495)	
Net cash used in financing activities			**(77,798)**		(367,101)
Net decrease in cash and cash equivalents			**(135,462)**		(885,571)
Cash and cash equivalents at 1 May			**475,965**		1,357,295
Effect of foreign exchange rate changes			**(1,481)**		4,241
Cash and cash equivalents at 30 April			**339,022**		475,965
Analysis of balances of cash and cash equivalents					
Cash and cash equivalents			**339,022**		475,965

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.

Going concern

For the year ended 30 April 2019, the Group incurred a loss of approximately RMB645,071,000 (2018: approximately RMB541,195,000) and a net cash outflow from operating activities of approximately RMB54,119,000 (2018: approximately RMB310,173,000). As at 30 April 2019, the Group had net current liabilities of approximately RMB18,705,000 (2018: net current assets of approximately RMB254,149,000). In addition, the Group's convertible notes and bank borrowings of approximately RMB155,029,000 and RMB260,000,000 as at 30 April 2019 will be due on 22 August 2019 and during year ended 30 April 2020 respectively.

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as going concern and therefore the Group may be unable to realise the Group's liabilities in the normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding convertible notes and bank borrowings and be able to finance its future working capital and finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

1. Mr. Sun Shao Feng, the chairman, the chief executive officer and executive Director of the Company, is willing to provide financial support to the Group to enable the Group to continue as a going concern;

2. As at the date of approval of these financial statements, the Group obtained a corporate guarantee from a guarantor in relation to the convertible notes with principal amount of HK$190,000,000 and the related interest;

3. The Group will contact its current bank partners for bank borrowings renewal;

4. The Group will seek to obtain any possible financing; and

5. The Group will implement operation plans to control costs and generate adequate cash flows from the Group's operations.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

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 straightline 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;
- Investments in subsidiaries; and
- 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 writedown 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the financial assets is presented as other income.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flow s that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3) (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms 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 the derivative is designated as a hedging instrument in a cash flow hedge or 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.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified d financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3) (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period (with the amortised cost being the gross carrying amount less the impairment allowance). If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI 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 retained profits/will continue to be held in the FVTOCI reserve.

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost 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 and interest income on the financial assets and is included in the "other revenue" line item.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3)

Impairment under expected credit loss ("ECL") model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and cash and cash equivalents). 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 period. 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 period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with debtors having similar credit ratings.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3) (continued)

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.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due (except for trade receivables from customers where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk), unless the Group has reasonable and supportable information that demonstrates otherwise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3) (continued)

Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events: significant financial difficulty of the issuer or the borrower;

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3) (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, deposits and other receivables, amount due from a related company and cash and cash equivalent are each assessed as a separate group);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 3) (continued)

Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 May 2018)

The Group's financial assets are classified into the following categories, financial assets at FVTPL, available-for-sale ("AFS") 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. All 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 marketplace.

Financial assets at FVTPL

Financial assets are classified as at financial assets at FVTPL 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

- it is a derivative that is not designated and effective as a hedging instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 May 2018) (continued)

Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at financial assets at FVTPL 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 FVTPL 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.

AFS financial assets

AFS 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 AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on AFS 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 AFS 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 AFS financial assets reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS 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).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 May 2018) (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade receivables, deposits and other receivables, amount due from a related company 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 (before application of HKFRS 9 on 1 May 2018)

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 reorganisation.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 May 2018) (continued)

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 AFS 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 AFS 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 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, convertible bonds/notes, amount due to a director, amount due to a shareholder and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

Embedded derivatives (upon application of HKFRS 9 in accordance with transition in Note 3)

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives 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 FVTPL.

Embedded derivatives (before application of HKFRS 9 on 1 May 2018)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 its retained interest in the asset and an associated liability for amounts 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the AFS financial assets reserve is reclassified to profit or loss.

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

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition (continued)

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities (upon application of HKFRS 9 in accordance with transition in Note 3)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Non-substantial modifications of financial liabilities (before application of HKFRS 9 on 1 May 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, at the point of modification, the carrying amount of the relevant financial liabilities is revised for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortise the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument.

Biological assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

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

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

(ii) Share based payments

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

    – the same taxable entity; or

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

Provisions and contingent liabilities

Provisions are recognised 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 3)

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 or 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 at point in time and revenue is recognised at point in 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 3) (continued)

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

(i) Sale of goods

Revenue from the sale of goods is recognised at the point in time when transfer of control, 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. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(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).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue recognition (before application of HKFRS 15 on 1 January 2018)

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.

(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).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company has applied, for the first time, the following new and revised HKFRS and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Company's financial year beginning 1 May 2018. A summary of the new and revised HKFRSs are set out as below:

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

Except as described below, for the application of the amendments to HKFRSs 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 on the disclosures set out in these consolidated financial statements.

The above new 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 below.

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

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

Consolidated statement of financial position (extract)	30 April 2018	HKFRS 9	1 May 2018
	RMB'000	RMB'000	RMB'000
Non-current assets			
AFS financial assets	10,070	(10,070)	–
FVTOCI	–	10,070	10,070
Current assets			
Trade and other receivables	168,810	(1,382)	167,428
Net assets	1,881,227	(1,382)	1,879,845
Equity			
Reserves	1,822,165	(1,382)	1,820,783
Total equity	1,881,227	(1,382)	1,879,845

HKFRS 9 Financial Instruments

In the current year, 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) 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) and has not applied the requirements to instruments that have already been derecognised as at 1 May 2018. The difference between carrying amounts as at 30 April 2018 and the carrying amounts as at 1 May 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

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

Accounting policies resulting from application of HKFRS 9 disclosed in Note 2 to the consolidated financial statements.

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

Summary of effects arising from initial application of HKFRS 9

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.

Classification and measurement

On 1 May 2018 (the date of the initial application of HKFRS 9), the management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	HKAS 39 carrying amount as at 30 April 2018	**Reclassification**	**HKFRS 9 amount as at 1 May 2018**
	RMB'000	RMB'000	RMB'000
AFS financial assets	10,070	(10,070)	–
Financial assets at FVTOCI	–	10,070	10,070

From AFS financial assets to financial assets at FVTOCI

The Group elected to present in other comprehensive income ("OCI") for the fair value changes of its all equity investments previously classified as AFS financial assets. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, RMB10,070,000 were reclassified from AFS financial assets to Financial assets at FVTOCI, of which approximately RMB1,682,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. The fair value losses of approximately RMB8,388,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve. In addition, impairment losses previously recognised of approximately RMB34,235,000 were transferred from retained profits to FVTOCI reserve as at 1 May 2018.

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

Impairment of financial assets

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on internal credit rating and/or past due analysis. The Group has therefore estimated the expected loss rates for the trade receivables on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits and other receivables and cash and cash equivalents, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

All loss allowances including trade receivables and other financial assets at amortised cost as at 30 April 2018 reconciled to the opening loss allowances as at 1 May 2018 are as follows:

	Trade receivables RMB'000	**Other receivables** RMB'000	**Total** RMB'000
At 30 April 2018 – HKAS 39	–	–	–
Amounts re-measured through opening accumulated losses	186	1,196	1,382
At 1 May 2018 – HKFRS 9 (restated)	**186**	**1,196**	**1,382**

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

Impairment of financial assets (continued)

The impact of these changes on the group's equity is as follows:

	FVTOCI reserve RMB'000	Accumulated losses RMB'000
At 30 April 2018 – HKAS 39	–	(370,746)
From AFS reserve	(34,235)	34,235
Impairment under ECL model	–	(1,382)
At 1 May 2018 – HKFRS 9 (restated)	**(34,235)**	**(337,893)**

HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers form 1 May 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 15, prior period comparative figures have not been restated. The Group recognises revenue mainly from the following major sources which arise from contracts with customers:

- Revenue from sales of fresh produce and processed products
- Revenue from sales of branded food products and others

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 2 to the consolidated financial statements.

As a result of the changes in the Group's accounting policies, as explained above, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any significant impact on the amounts reported in the consolidated financial information and/or disclosures set out in the consolidated financial information except that, the Group has adopted the following accounting policies on revenues with effect from 1 May 2018.

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 3	Definition of a business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the consolidated statement of financial position of the Group.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

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

HKFRS 16 Leases (continued)

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 30 April 2019, the Group has non-cancellable operating lease commitments of approximately RMB1,105,634,000 as disclosed in Note 39 (b) to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

4. TURNOVER

During the years ended 30 April 2019 and 2018, 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:

	2019 **RMB'000**	2018 RMB'000
Disaggregation of revenue from contract with customers		
At a point in time		
Fresh produce and processed products	**430,803**	476,168
Branded food products and others	**40,370**	30,248
	471,173	506,416

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 30 April 2019 are set out in Note 2.

Transaction price allocated to the remaining performance obligation for contracts with customers

All revenue are for the periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OTHER REVENUE AND OTHER GAINS AND LOSSES

(a) Other revenue

	2019 **RMB'000**	2018 RMB'000
Interest income on financial assets at fair value through profit or loss		
– interest income from banks	**2,051**	3,668
– interest income from loan receivables	**–**	3,000
Sundry income	**168**	80
Dividend income from financial assets at fair value through profit or loss	**–**	247
	2,219	6,995

(b) Other gains and losses

	2019 **RMB'000**	2018 RMB'000
Impairment loss recognised on available-for-sale financial assets	**–**	(988)
Net loss on financial assets at fair value through profit or loss	**–**	(596)
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	**–**	72,058
Exchange gain, net	**15**	272
Fair value change in derivative financial liability	**248**	5,046
Gain on disposal of a subsidiary	**–**	2
Reversal of impairment of the financial assets at amortised cost	**1,002**	–
Loss on written-off of inventories	**–**	(6)
	1,265	77,543

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	2019 RMB'000	2018 RMB'000
(a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible bonds/notes	**22,989**	19,155
– interest on bank borrowings	**23,077**	25,495
	46,066	44,650
(b) Staff costs		
Contributions to defined contribution retirement plans	**1,313**	1,753
Share-based payment expenses	**–**	10,590
Salaries, wages and other benefits	**29,940**	29,531
	31,253	41,874
(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	**36,704**	42,401
Depreciation of property, plant and equipment	**102,680**	108,647
Operating lease charges: minimum lease payment		
– property rentals	**821**	855
Auditors' remuneration		
– audit services	**1,374**	1,344
– non-audit services	**9**	9
Cost of inventories sold	**461,608**	439,173
Loss on disposal of property, plant and equipment	**700**	–

7. INCOME TAX

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

	2019 RMB'000	2018 RMB'000
Current tax – Enterprise income tax in the PRC		
– Provision for the year	–	29,749
Deferred tax		
Origination and reversal of temporary differences (Note 29(b))	–	–
Total income tax expenses recognised in profit or loss	–	29,749

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 2019 and 2018 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:

	2019		2018	
	RMB'000	%	RMB'000	%
Loss before taxation	(645,071)		(511,446)	
Notional tax on loss before taxation, calculated at rates applicable to loss in the countries concerned	(157,832)	(24.5)	(110,001)	(21.5)
Tax effect of operating loss of Group companies not subject to income tax	6,181	1.0	6,026	1.2
Tax effect of share of loss of an associate	585	0.1	823	0.2
Tax effect of share of loss of a joint venture	23	–	–	–
Tax effect of non-taxable income	(2,190)	(0.3)	(3,417)	(0.7)
Tax effect of unused tax losses not recognised	60,014	9.3	82,357	16.1
Tax effect of non-deductible expenses	93,219	14.5	53,961	10.5
	–	–	29,749	5.8

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 2019					
	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	–	5,743	–	44	479	6,266
Executive director						
Wang Jinhuo	–	840	–	29	65	934
Independent non-executive directors						
Hu Ji Rong	103	–	–	–	9	112
Yu Xiao Min (retired on 12 October 2018)	46	–	–	–	7	53
Wei Xiongwen	103	–	–	–	9	112
Zhuang Zongming (appointed on 12 October 2018 and resigned on 18 April 2019)	53	–	–	–	2	55
Guo Zebin (appointed on 18 April 2019)	4	–	–	–	–	4
	309	6,583	–	73	571	7,536

8. DIRECTORS' REMUNERATION (continued)

	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

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with highest emoluments, two (2018: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2018: three) individuals are as follows:

	2019 **RMB'000**	2018 RMB'000
Salaries and other emoluments	**2,249**	1,916
Discretionary bonuses	**187**	204
Retirement scheme contributions	**39**	38
	2,475	2,158

The emoluments of the three (2018: three) individuals with the highest emolument are within the following bands:

		Number of individuals	
		2019 **RMB'000**	2018 RMB'000
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-860,110	**2**	2
1,000,001-1,500,000	860,111-1,290,165	**–**	–
1,500,001-2,000,000	1,290,166-1,720,220	**1**	1
		3	3

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

(b) Senior executives of the Company

The emoluments of the senior executives of the Company who are not directors are within the following bands:

		Number of individuals	
		2019	2018
		RMB'000	RMB'000
HK$	**RMB equivalent**		
Nil-1,000,000	Nil-860,110	**2**	4
1,000,001-1,500,000	860,111-1,290,165	**–**	–
1,500,001-2,000,000	1,290,166-1,720,220	**1**	2
		3	6

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 2019 and 2018.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2019 (2018: 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

	2019	2018
	RMB'000	RMB'000
Loss attributable to owners of the Company used to determine basic and diluted loss per share	**(645,071)**	(541,195)

(ii) Number of shares

	Number of ordinary shares	
	2019	2018 (restated)
Weighted average number of ordinary shares for calculation of basic and diluted loss per share	**353,738,669**	347,114,254

Note:

On 30 November 2018, the Company implemented share consolidation (Note 33) and the weighted average number of ordinary shares in issue used in the basic loss per share calculation during the year ended 30 April 2018 was adjusted retrospectively.

(b) Diluted loss per share

Diluted loss per share for the years ended 30 April 2019 and 2018 was the same as the basic loss per share.

For the years ended 30 April 2019 and 2018, 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 years ended 30 April 2019 and 2018, the computation of diluted loss per share did not assume exercise of outstanding share options granted during the year ended 30 April 2018 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 2019, the Group's retirement plan contributions amounted to approximately RMB1,313,000 (2018: RMB1,753,000).

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 2019 and 2018 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	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**430,803**	476,168	**40,370**	30,248	**471,173**	506,416
Inter-segment revenue	**9,685**	9,929	**–**	–	**9,685**	9,929
Reportable segment revenue	**440,488**	486,097	**40,370**	30,248	**480,858**	516,345
Reportable segment loss	**(433,168)**	(380,467)	**(22,030)**	(11,112)	**(455,198)**	(391,579)
Interest income	**1,304**	1,415	**4**	3	**1,308**	1,418
Depreciation and amortisation	**127,628**	140,422	**1,573**	361	**129,201**	140,783
Income tax	**–**	–	**–**	–	**–**	–
Reportable segment assets	**1,576,993**	2,203,428	**33,081**	15,013	**1,610,074**	2,218,441
Gain arising from changes in fair value less costs to sell of biological assets	**6,698**	3,239	**–**	–	**6,698**	3,239
Finance costs	**2,476**	972	**507**	–	**2,983**	972
Impairment loss on property, plant and equipment	**209,606**	101,373	**–**	7,110	**209,606**	108,483
Impairment loss on long-term prepaid rentals	**162,826**	92,380	**–**	–	**162,826**	92,380
Additions to non-current assets during the year	**5,180**	596,293	**174**	8,848	**5,354**	605,141
Written-off of inventories	**–**	6	**–**	–	**–**	6
Loss on disposal of property, plant and equipment	**581**	–	**119**	–	**700**	–
Share of loss of a joint venture	**94**	–	**–**	–	**94**	–
Reversal of impairment of financial assets at amortised costs	**17**	–	**4**	–	**21**	–
Reportable segment liabilities	**16,581**	38,709	**4,187**	2,484	**20,768**	41,193

13. SEGMENT REPORTING (continued)

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

	2019 RMB'000	2018 RMB'000
Revenue		
Reportable segment revenue	**480,858**	516,345
Elimination of inter-segment revenue	**(9,685)**	(9,929)
Consolidated turnover	**471,173**	506,416
Profit or loss		
Reportable segment loss derived from Group's external customers	**(455,198)**	(391,579)
Finance costs	**(43,083)**	(43,678)
Finance income	**742**	5,250
Other revenue and gain	**183**	599
Impairment loss recognised on investment in an associate	**–**	(21,825)
Share of loss of an associate	**(3,545)**	(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)
Reversal of expected credit loss	**981**	–
Net loss on financial assets at fair value through profit or loss	**–**	(596)
Unallocated depreciation and amortisation	**(13,221)**	(13,303)
Unallocated head office and corporate expenses	**(132,178)**	(119,197)
Fair value change in derivative financial liability	**248**	5,046
Consolidated loss before taxation	**(645,071)**	(511,446)

13. SEGMENT REPORTING (continued)

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

	2019 RMB'000	2018 RMB'000
Assets		
Reportable segment assets	**1,610,074**	2,218,441
Unallocated head office and corporate assets:		
– Fixed assets	**152,679**	165,873
– Pledge bank deposits	**1,982**	1,400
– Cash and cash equivalents	**2,564**	8,544
– Other assets	**36,538**	126,186
Consolidated total assets	**1,803,837**	2,520,444
Liabilities		
Reportable segment liabilities	**20,768**	41,193
Convertible notes	**155,029**	124,141
Derivative financial liability	**–**	233
Deferred tax liabilities	**69,581**	69,581
Bank borrowings	**260,000**	300,000
Unallocated head office and corporate liabilities	**73,541**	104,069
Consolidated total liabilities	**578,919**	639,217

13. SEGMENT REPORTING (continued)

(c) Geographical information

During the years ended 30 April 2019 and 2018, 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 2019 and 2018. 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:

	2019	2018
	RMB'000	RMB'000
Customer A	**–**[1]	53,482[2]

[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 30 April 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 and 1 May 2018	471,903	1,880,330	97,326	450,462	26,226	8,017	119,825	3,054,089
Exchange realignment	–	–	–	–	34	–	–	34
Additions	42	–	–	1,393	31	–	3,907	5,373
Disposal	–	–	–	(2,272)	–	–	–	(2,272)
Transfer	47	–	–	661	–	–	(708)	–
At 30 April 2019	471,992	1,880,330	97,326	450,244	26,291	8,017	123,024	3,057,224
Accumulated depreciation and impairment loss:								
At 30 April 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 and 1 May 2018	273,396	1,117,956	87,141	384,403	22,376	6,679	107,007	1,998,958
Exchange realignment	–	–	–	–	22	–	–	22
Charge for the year	15,252	62,969	6,369	17,123	333	634	–	102,680
Disposal	–	–	–	(1,262)	–	–	–	(1,262)
Impairment loss recognised in profit or loss	16	209,433	–	17	100	–	40	209,606
At 1 May 2019	288,664	1,390,358	93,510	400,281	22,831	7,313	107,047	2,310,004
Carrying amount:								
At 30 April 2019	**183,328**	**489,972**	**3,816**	**49,963**	**3,460**	**704**	**15,977**	**747,220**
At 30 April 2018	198,507	762,374	10,185	66,059	3,850	1,338	12,818	1,055,131

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:

	2019 RMB'000	2018 RMB'000
Cost of machinery pending installation	**2,243**	2,748
Infrastructure	**13,734**	10,070
	15,977	12,818

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 2019 and 2018. 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 RMB209,606,000 (2018: RMB108,483,000) 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 RMB85,561,000 (2018: RMB90,768,000) have been pledged to secure banking facilities granted to the Group.

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

	2019 RMB'000	2018 RMB'000
Cost:		
At 1 May and 30 April	**217,466**	217,466
Accumulated amortisation and impairment loss:		
At 1 May	**97,296**	94,258
Amortisation for the year	**3,038**	3,038
At 30 April	**100,334**	97,296
Carrying amount:		
At 30 April	**117,132**	120,170

As at 30 April 2019, the non-current portion of interests in leasehold land held for own use under operating leases is approximately RMB114,094,000 (2018: RMB117,132,000).

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 2019 and 2018, 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 2019 and 2018, 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 2019 and 2018.

(ii) Interests in leasehold land held for own use under operating leases with a carrying amount of nil (2018: nil) 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:

	2019	2018
	RMB'000	RMB'000
Cost:		
At 1 May	**1,565,632**	1,095,232
Addition	**–**	470,400
At 30 April	**1,565,632**	1,565,632
Accumulated amortisation and impairment loss:		
At 1 May	**894,570**	759,789
Amortisation for the year	**36,704**	42,401
Impairment loss recognised in profit or loss	**162,826**	92,380
At 30 April	**1,094,100**	894,570
Carrying amount:		
At 30 April	**471,532**	671,062

16. LONG-TERM PREPAID RENTALS (continued)

Analysis of long-term prepaid rentals is as follows:

	2019 RMB'000	2018 RMB'000
Non-current portion	**446,755**	634,361
Current portion	**24,777**	36,701
Carrying amount at 30 April	**471,532**	671,062

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 2019 and 2018. 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 RMB162,826,000 (2018: RMB92,380,000) 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 Consulting and Appraisal Limited, an independent qualified valuer, as at 30 April 2019 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 12.93% (2018: 12.40%) and 3% (2018: 3%) respectively for the years ended 30 April 2019 and 2018. 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 2019. 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 2019 and 2018 are as follows:

Major cultivation bases	Key measurement inputs	2019	2018
Baicheng City	Selling price of Product A	**RMB1,500/ton**	RMB2,000/ton
	Per mu yield by kilogram ("kg") of Product A per year	**703 kg/mu**	884 kg/mu
	Selling price of Product B	**RMB7,800/ton**	RMB11,000/ton
	Per mu yield kilogram ("kg") of Product B per year	**135 kg/mu**	151 kg/mu
	Selling price of Product C	**RMB7,100/ton**	RMB10,000/ton
	Per mu yield kilogram ("kg") of Product C per year	**180 kg/mu**	204 kg/mu
	Selling price of Product D	**RMB3,200/ton**	RMB3,000/ton
	Per mu yield kilogram ("kg") of Product D per year	**511 kg/mu**	489 kg/mu
	Selling price of Product E	**RMB3,000/ton**	RMB4,200/ton
	Per mu yield kilogram ("kg") of Product E per year	**216 kg/mu**	241 kg/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 2019.

(ii) The production volume forecast is based on the actual figure for the year ended 30 April 2019 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 2019, 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;

17. IMPAIRMENT TESTING ON CASH GENERATING UNIT (continued)

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

(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;

(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 organisation 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.

	2019 **RMB'000**	2018 RMB'000
Property, plant and machinery (Note 14)	**209,606**	108,483
Long term prepaid rentals (Note 16)	**162,826**	92,380
	372,432	200,863

18. INVESTMENT IN AN ASSOCIATE

On 17 July 2017, the Group subscribed for approximately 36.00% of the enlarged issued share 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:

	2019 **RMB'000**	2018 RMB'000
Cost of investment in an associate	**30,611**	30,611
Share of post-acquisition loss	**(8,535)**	(4,990)
Share of other comprehensive loss	**(251)**	(470)
	21,825	25,151
Accumulated impairment loss recognised	**(21,825)**	(21,825)
At 30 April	**–**	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
			2019	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

18. INVESTMENT IN AN ASSOCIATE (continued)

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

	2019 RMB'000	2018 RMB'000
Revenue for the year	**157,171**	138,423
Loss for the year attributable to the owners of the associate	**(24,797)**	(13,860)
Other comprehensive income/(loss) for the year attributable to the owners of the associate	**1,723**	(1,308)
Loss attributable to the Group	**(3,545)**	(4,990)
Total comprehensive loss attributable to the Group	**(3,326)**	(5,460)
Non-current assets	**38,453**	56,186
Current assets	**32,750**	35,782
Current liabilities	**(68,104)**	(65,795)
Total equity attributable to the owners of the associate	**3,099**	26,173
Included in the above assets and liabilities:		
Cash and cash equivalents	**6,817**	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:

	2019	2018
Gross amounts of the associate	**3,099**	26,173
The Group's effective interests	**36%**	36%
The Group's share of the associate's net assets	**1,116**	9,422
Unrecognised share of total comprehensive loss of the associate	**4,980**	–
Goodwill	**15,729**	15,729
	21,825	25,151

18. INVESTMENT IN AN ASSOCIATE (continued)

Unrecognised share of loss of associate

	2019 **RMB'000**	2018 RMB'000
The unrecognised share of loss of an associate for the year	**(5,382)**	–
Accumulated unrecognised share of loss of an associate	**(5,382)**	–

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 11.95% (2018: 12.46%) 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;

18. INVESTMENT IN AN ASSOCIATE (continued)

Unrecognised share of loss of associate (continued)

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

- 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 organisation 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
			2019	2018	
吉林鑫大陸農菜開發有限公司	PRC	PRC	**51%**	51%	Agricultural improvement, development, construction and operation

Details of the Group's investment in a joint venture are as follows:

	2019 **RMB'000**	2018 RMB'000
Cost of investment in Joint Venture	**780**	780
Share of post-acquisition loss	**(94)**	–
At 30 April	**686**	780

19. INVESTMENT IN A JOINT VENTURE (continued)

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

	2019 RMB'000	2018 RMB'000
Revenue for the year	**–**	–
Loss for the year attributable to the owners of the joint venture	**(184)**	–
Other comprehensive loss for the year attributable to the owners of the as joint venture	**–**	–
Loss attributable to the Group	**(94)**	–
Total comprehensive loss attributable to the Group	**(94)**	–
Non-current assets	**–**	–
Current assets	**1,350**	1,529
Current liabilities	**(15)**	–
Total equity attributable to the owners of the joint venture	**1,345**	1,529
Included in the above assets and liabilities:		
Cash and cash equivalents	**600**	69

Reconciliation of the above summarised financial information to the carrying amount of the investment in a joint venture recognised in the consolidated statement of financial statements:

	2019	2018
Gross amounts of the joint venture	**1,345**	1,529
The Group's effective interests	**51%**	51%
The Group's share of the joint venture's net assets	**686**	780
	686	780

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 **RMB'000**	2018 RMB'000
Listed investments:		
Equity securities listed in Hong Kong	**1,698**	–
Unlisted investments:		
Equity securities unlisted in Hong Kong	**2,751**	–
	4,449	–

During the year ended 30 April 2019, the financial assets at fair value through other comprehensive income was disposed and recognised a net loss on disposal of financial assets at fair value through other comprehensive income of approximately RMB4,583,000 in the consolidated statement of other comprehensive income. These investments are not held for trading and not expected to be sold in the foreseeable future.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2019 **RMB'000**	2018 RMB'000
Listed investments:		
Equity securities listed in Hong Kong (note i)	**–**	8,384
Unlisted investments:		
Equity securities unlisted in Hong Kong, at cost (note ii)	**–**	1,686
	–	10,070

Notes:

(i) As at 30 April 2019 and 2018, 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.

(ii) As at 30 April 2019, unlisted investment represents 4.49% equity share on an unlisted company located in Hong Kong. During the year, the impairment loss of approximately RMBnil (2018: RMB988,000) was recognised in the consolidated statement of profit or loss and other comprehensive income due to the poor performance of the business.

22. INVENTORIES

Inventories represent the following:

	Note	2019 RMB'000	2018 RMB'000
Raw materials	(i)	**657**	1,142
Agricultural materials	(ii)	**279**	279
Finished goods		**3,363**	4,235
		4,299	5,656

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 2019, a batch of raw materials with cost of approximately RMBnil was considered as obsoleted, and provision of written-off of approximately RMBnil was made as at 30 April 2019 (2018: RMB6,000).

23. BIOLOGICAL ASSETS

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

	2019 RMB'000	2018 RMB'000
At 1 May	**11,112**	16,444
Loss arising from changes in fair value less costs to sell	**(69,112)**	(57,714)
Increase due to plantation	**212,698**	203,193
Decrease due to harvest	**(140,966)**	(150,811)
At 30 April	**13,732**	11,112

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

	2019 RMB'000	2018 RMB'000
Vegetables	**10,181**	7,375
Rice	**156**	111
Fruit	**3,395**	3,626
	13,732	11,112

The physical quantity of vegetables, rice and fruit as at 30 April 2019 and 2018 are analysed as follows:

	2019 Quantity (tons)	2018 Quantity (tons)
Vegetables	**6,142**	8,680
Rice	**538**	310
Fruit	**2,711**	2,832
	9,391	11,822

23. BIOLOGICAL ASSETS (continued)

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

	2019	2018
	RMB'000	RMB'000
At fair value less costs to sell	**13,732**	11,112

Vegetables, rice and fruit were stated at fair value less costs to sell as at 30 April 2019 and 2018. 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:

	2019		2018	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable	**89,553**	**131,173**	87,348	132,709
Rice	**4,368**	**6,253**	7,872	11,692
Fruit	**2,711**	**3,540**	3,580	6,410
	96,632	**140,966**	98,800	150,811

The Qualification of Valuer

The Group's biological assets were valued by independent professional valuer as at 30 April 2019 (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.

23. 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 13.04% (2018: 12.40%).

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 2019.

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 grow-thing status are meet to the target.

23. 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 Assumptions

- The projected producer selling price is approximately 45.0% (2018: 51.8%) of the retail selling price, after considering profit margins for dealers and wholesalers;

- There will be no force majeure, including natural disasters that could adversely impact the conditions of the biological assets and their harvest;

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

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

- The availability of finance will not be a constraint on the forecast growth of the biological assets in accordance with the projected harvest of the biological assets;

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

- There will be no material changes in the Group's business strategy and its operating structure;

- Interest rates and exchange rates in the localities for the operation of the Group will not differ materially from those presently prevailing;

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

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Group after the harvest of the biological assets.

24. TRADE AND OTHER RECEIVABLES

	2019 RMB'000	2018 RMB'000
Current assets:		
Trade receivables	**7,686**	20,007
Less: allowance for impairment of trade receivables	**(97)**	–
	7,589	20,007
Other receivables	**1,930**	52,000
Less: allowance for impairment of other receivables	**(284)**	–
	1,646	52,000
Total loans and receivables	**9,235**	72,007
Rental and other deposits	**448**	459
Interest in leasehold land held for own use under operating leases	**3,038**	3,038
Prepayments		
– to suppliers	**37,680**	30,363
– to others	**41,753**	53,684
Value added tax recoverable	**14,667**	9,259
	106,821	168,810

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 (2018: 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 2019 (2018: Five).

24. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables with the following ageing analysis as of the end of the reporting period, net of allowance:

	2019 RMB'000	2018 RMB'000
Within 1 month	**5,009**	19,924
Over 1 month but within 3 months	**2,358**	22
Over 3 months but within 6 months	**222**	61
	7,589	20,007

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.

25. PLEDGED BANK DEPOSITS

The pledged bank deposits did not carry any interest rate (2018: did not carry any interest rate) per annum. Pledged bank deposits represent deposits pledged to banks to secure banking facilities and letters of credit (2018: secure banking facilities and letters of credit) to the Group. As at 30 April 2019, approximately RMB1,982,000 bank deposits were pledged for bank borrowings with maturity within one year (2018: RMB1,400,000 bank deposits were pledged for bank borrowings with maturity within one year).

26. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2019 RMB'000	2018 RMB'000
Cash at bank	**338,996**	475,904
Cash on hand	**26**	61
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**339,022**	475,965

Included in the cash and bank balances and pledged bank deposits at the end of the reporting period were amounts of approximately RMB339,701,000 (2018: approximately RMB476,009,000) 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 used in operations:

	Notes	2019 RMB'000	2018 RMB'000
Operating activities			
Loss before taxation		**(645,071)**	(511,446)
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	**36,704**	42,401
Depreciation of property, plant and equipment	14	**102,680**	108,647
Loss on disposal of property, plant and equipment		**700**	–
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		**(6,698)**	(3,239)
Impairment loss on property, plant and equipment	14	**209,606**	108,483
Impairment loss on long-term prepaid rentals	16	**162,826**	92,380
Impairment loss on investment in an associate	18	**–**	21,825
Reversal of impairment of financial assets at amortised costs		**(1,002)**	–
Share of loss of an associate	18	**3,545**	4,990
Share of loss of a joint venture	19	**94**	–
Loss on written-off of inventories	5(b)	**–**	6
Interest income		**(2,051)**	(6,668)
Interest expenses		**46,066**	44,650
Dividend income	5(a)	**–**	(247)
Fair value change in derivative financial liability	30(c)	**(248)**	(5,046)

26. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of loss before taxation to cash used in operations: (continued)

	Notes	2019 RMB'000	2018 RMB'000
Exchange gain, net	5(b)	**(15)**	(272)
Share-based payment expenses		**–**	10,950
Impairment loss in recognised on available-for-sale financial assets		**–**	988
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
		(89,826)	(161,779)
Change in working capital:			
Decrease/(increase) in inventories		**1,357**	(4,751)
Decrease in biological assets		**4,078**	8,571
Increase in loan and interest receivables		**–**	(40,000)
Decrease/(increase) in trade and other receivables		**61,608**	(95,819)
Decrease in financial assets at fair value through profit or loss		**1,695**	4,879
(Decrease)/increase in trade and other payables		**(34,374)**	1,800
Increase in amount due to a director		**–**	6,675
Increase in amount due to a shareholder		**1,343**	–
Cash used in operations		**(54,119)**	(280,424)

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
Change in financing cash flows:			
Repayment in bank borrowings	(710,000)	–	(710,000)
Proceeds from bank borrowings	650,000	–	650,000
Total changes in financing cash flows	(60,000)	–	(60,000)
Exchange alignment	–	7,899	7,899
Other changes:			
Imputed interest for the year	–	22,989	22,989
At 30 April 2019	260,000	155,029	415,029

27. TRADE AND OTHER PAYABLES

	2019 RMB'000	2018 RMB'000
Trade payables	**7,688**	13,310
Accrued salaries and wages	**1,527**	1,776
Other accruals and payables (note 1)	**58,746**	83,089
Financial liabilities measured at amortisation cost	**67,961**	98,175
Other taxes payable	**99**	2,608
	68,060	100,783

Note:

1. As at 30 April 2019, other accruals and payables included payments related to the disposal of beverage business operations of approximately RMB38,575,000. (2018: RMB36,255,000)

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

	2019 RMB'000	2018 RMB'000
Within 1 month	**3,909**	10,667
Over 1 month but within 3 months	**3,539**	829
Over 3 months but within 6 months	**5**	1,210
Over 6 months but within 1 year	**235**	604
	7,688	13,310

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

28. BANK BORROWINGS

	2019 RMB'000	2018 RMB'000
Bank loans	**260,000**	320,000
Secured	**260,000**	270,000
Unsecured	**–**	50,000
	260,000	320,000
– Within one year	**260,000**	320,000
– More than one year, but not exceeding two years	**–**	–
	260,000	320,000
Less: Amounts shown under current liabilities	**(260,000)**	(320,000)
	–	–

Notes:

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

	2019	2018
Effective interest rate:		
Fixed-rate borrowings	**–**	5%
Variable-rate borrowings	**5.9%**	3.9% to 5.9%

(b) As at 30 April 2019, bank deposits amounting to approximately RMB1,982,000(2018: RMB1,400,000) 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 RMB85,561,000 (2018: RMB90,768,000) had been pledged to secure the Group's bank loans for the purpose of working capital.

(c) As at 30 April 2018, bank borrowings of approximately RMB20,000,000 were guaranteed by a director and a subsidiary of the Company.

29. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2019 RMB'000	2018 RMB'000
At 1 May	**17,804**	17,804
Provision for the PRC Enterprise Income Tax for the year	**–**	29,749
Tax paid during the year	**–**	(29,749)
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 30 April 2018, 1 May 2018 and 30 April 2019	69,581

29. 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 2019, deferred tax liabilities of approximately RMB69,581,000 (2018: 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 RMB119,634,000 (2018: RMB120,693,000) 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 2019 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 RMB1,706,697,000 (2018: RMB1,438,213,000) 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.

30. CONVERTIBLE BONDS/NOTES (continued)

(a) 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 (adjusted to HK$2.00 per conversion share for the effect of the Share Consolidation became effective on 30 November 2018) (Note 33(b)(I)(iv)); 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$2.00

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

30. CONVERTIBLE BONDS/NOTES (continued)

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

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

Liability component:

	RMB'000
At 1 May 2017	116,227
Imputed interest charge	19,155
Exchange alignment	(11,241)
At 30 April 2018 and 1 May 2018	124,141
Imputed interest charge	22,989
Exchange alignment	7,899
At 30 April 2019	155,029

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 2019 amounted to approximately RMB157,043,000 (2018: RMB128,820,000).

Derivative financial liability component:

	Redemption option held by the Group RMB'000	**Conversion option** RMB'000	**Total** RMB'000
At 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 and 1 May 2018	(941)	1,174	233
Fair value change	1,004	(1,252)	(248)
Exchange alignment	(63)	78	15
At 30 April 2019	–	–	–

30. CONVERTIBLE BONDS/NOTES (continued)

(a) 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 2019, the fair value of redemption options by the Company was approximately RMBnil (2018: RMB941,000).

(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 2019, the fair value of conversion options held by the noteholders was approximately RMBnil (2018: RMB1,174,000).

Analysis of convertible notes is as follows:

	2019 **RMB'000**	2018 RMB'000
Non-current portion	**–**	124,141
Current portion	**155,029**	–
Carrying amount at 30 April	**155,029**	124,141

31. 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.

32. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest rate 12% p.a. 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 2017, ordinary shares of HK$0.1 each	10,000,000	1,000,000	843,098
Share subdivision (note i)	90,000,000	–	–
At 30 April 2018, ordinary shares of HK$0.01 each	100,000,000	1,000,000	843,098
Share consolidation (note iii)	(95,000,000)	–	–
At 30 April 2019, ordinary shares of HK$0.2 each	5,000,000	1,000,000	843,098
Issued and fully paid:			
At 1 May 2017, ordinary shares of HK$0.1 each	6,942,286	694,228	590,615
Capital reduction (note i)	–	(624,805)	(531,553)
At 30 April 2018, ordinary shares of HK$0.01 each	6,942,286	69,423	59,062
Share consolidation (note iii)	(6,595,172)	–	–
Issue of new shares (note iv)	18,044	3,609	3,185
At 30 April 2019, ordinary shares of HK$0.2 each	365,158	73,032	62,247

33. CAPITAL AND RESERVES (continued)

(b) Share Capital (continued)

(i) Authorised and issued share capital (continued)

Notes:

(i) 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.

(ii) 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.

(iii) Share Consolidation became effective on 30 November 2018. As a results of the Share Consolidation and under the terms and conditions of the instrument constituting the Convertible Notes due 2019, the conversion price adjusted to HK$2.00 per conversation share and the Convertible Notes due 2019 entitle the holders thereof to convert into up to 95,000,000 shares.

(iv) On 17 December 2018, 18,044,117 new Shares were allotted and issued to the Subscriber at the Subscription Price of HK$0.34 per Subscription Share.

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:

33. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(iv) Contribution surplus (continued)

(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.

(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.

33. CAPITAL AND RESERVES (continued)

(d) Distributability of reserves

The Company's contributed surplus in the amount of RMB1,220,238,000 (2018: RMB1,220,238,000) 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 2019, the reserves of the Company were not available for distribution (2018: nil). In addition, the Company's share premium account, in the amount of approximately RMB1,155,545,000 at 30 April 2019 (2018: RMB1,153,451,000), 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 2018 and 2019, 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 2019 and 2018 was as follows:

	Notes	**2019 RMB'000**	2018 RMB'000
Trade and other payables	27	**68,060**	100,783
Bank borrowings	28	**260,000**	320,000
Convertible bonds/notes	30	**155,029**	124,141
Total debt		**483,089**	544,924
Less: Cash and cash equivalents	26	**(339,022)**	(475,965)
Net cash and cash equivalents after deducting total debt		**144,067**	68,959
Total equity		**1,224,918**	1,881,227
Adjusted net debt-to-equity ratio		**0.118**	0.037

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, employees 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 held on 12 October 2018, a resolution relating to the refreshment of the mandate limit under the Share Option Scheme (the "Scheme Mandate Limit") 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, which do not include share options that are outstanding, cancelled or lapsed as at the date of passing such resolution, i.e. 694,228,507 shares that may be issued under 694,228,507 outstanding share options granted.

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 2019, 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$)	Adjusted exercise price (HK$)	Outstanding as at 1 May 2017	Granted during the year	Outstanding as at 1 May 2018	Adjustment due to the Share Consolidation at 30 November 2018	Outstanding as at 30 April 2019
Directors	18 January 2018	18 January 2018 to 17 January 2028	0.032	0.64	–	133,000,000	133,000,000	(126,350,000)	6,650,000
Employees	18 January 2018	18 January 2018 to 17 January 2028	0.032	0.64	–	561,228,507	561,228,507	(533,167,082)	28,061,425
Total					–	694,228,507	694,228,507	(659,517,082)	34,711,425

As a result of the Share Consolidation, the number of shares to be issued under the existing share options granted under the share option scheme of the Company adopted on 18 October 2013 and the exercise price of share options adjusted to 34,711,425 shares and HK$0.64 per share option. The total number of Shares available for issue under the Share Option Scheme is 69,422,850 Shares (2018: 694,288,507), representing approximately 19.01% 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 2019.

	2019
Fair value at measurement date (HK$)	0.0192
Share price (HK$)	0.64
Exercise price (HK$)	0.64
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

	2019 RMB'000	2018 RMB'000
Financial assets		
Available-for-sale financial assets	–	10,070
Financial assets at fair value through other comprehensive income	4,449	–
Loan and receivables (including cash and bank balances)		
– Trade and other receivables	9,683	72,446
– Pledge bank deposits	1,982	1,400
– Cash and cash equivalents	339,022	475,965
	350,687	549,811

	2019 RMB'000	2018 RMB'000
Financial liabilities		
Derivative financial liability	–	233
Amortised costs		
– Trade and other payables	67,961	98,175
– Convertible bonds/notes	155,029	124,141
– Amount due to a director	7,102	6,675
– Amount due to a shareholder	1,343	–
– Bank borrowings	260,000	320,000
	491,435	548,991

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 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 refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, and cash and bank balances. At 30 April 2019, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables

The Group applies the general approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for trade and other receivables. To measure the ECL, the trade and other receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information.

Prior to adoption of HKFRS 9, trade and other receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on historical settlement records and past experience.

The Group did not have concentration of credit risk in certain individual customers. At the end of the reporting period, no (2018: no) trade and other receivables were due from the Group's largest customer and the five largest customers. The Directors closely monitor the risk exposure of the customers and collateral and would take appropriate action to ensure the risk exposure is acceptable. The Directors are of the view that the expected cash flow of trade receivables are sufficient to cover the carrying amount of trade receivables as at 30 April 2019.

The Group applies the ECL model to trade and other receivables. Impairment on trade and other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering- available, reasonable and supportive forwarding looking information.

The trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments, and the failure of a debtor to engage in a repayment plan with the Group.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The Group estimates the ECL under HKFRS 9 ECL models. The Group assesses whether the credit risk of the trade and other receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL, the management assesses impairment loss using the risk parameter modelling approach that incorporates key measurement parameters, including probability of default, loss given default and exposure at default, with the consideration of forward-looking information.

The trade and other receivables are categorised into the following stages by the Group:

Stage 1 The trade and other receivables have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12-month ECLs.

Stage 2 The trade and other receivables have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs non credit-impaired).

Stage 3 The trade and other receivables that are in default and considered credit impaired (Lifetime ECLs credit impaired).

As at 30 April 2019, the provision for impairment of the trade and other receivables was approximately RMB381,000 based on expected loss rates up to 30.67% applied to different stages.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 30 April 2019 and 1 May 2018:

As at 30 April 2019

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Trade receivables, gross	**7,686**	**–**	**–**	**7,686**
Loss allowance	**(97)**	**–**	**–**	**(97)**
Trade receivables, net	**7,589**	**–**	**–**	**7,589**

As at 1 May 2018

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Trade receivables, gross	2,007	–	–	2,007
Loss allowance	(187)	–	–	(187)
Trade receivables, net	1,820	–	–	1,820

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables as at 30 April 2019 and 1 May 2018:

As at 30 April 2019

	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Other receivables, gross	**1,930**	**–**	**–**	**1,930**
Loss allowance	**(284)**	**–**	**–**	**(284)**
Other receivables, net	**1,646**	**–**	**–**	**1,646**

As at 1 May 2018

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Other receivables, gross	5,200	–	–	5,200
Loss allowance	(1,196)	–	–	(1,196)
Other receivables, net	4,004	–	–	4,004

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The closing loss allowances for including trade receivables as at 30 April 2019 reconcile to the opening loss allowances as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 30 April 2018-HKAS 39	–	–	–	–
Amounts re-measured through opening accumulated losses	187	–	–	187
At 1 May 2018-HKFRS 9 (restated)	187	–	–	187
Reversal of loss allowance recognised in profit or loss during the year	(90)	–	–	(90)
At 30 April 2019 – HKFRS 9	97	–	–	97

The closing loss allowances for including other receivables as at 30 April 2019 reconcile to the opening loss allowances as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 30 April 2018-HKAS 39	–	–	–	–
Amounts re-measured through opening accumulated losses	1,196	–	–	1,196
At 1 May 2018-HKFRS 9 (restated)	1,196	–	–	1,196
Reversal of loss allowance recognised in profit or loss during the year	(912)	–	–	(912)
At 30 April 2019 – HKFRS 9	284	–	–	284

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than agreed contract terms.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Expected loss rates are based on actual loss experience over the past 1 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables, deposits and other receivables are set out in Note 24 to the consolidated financial statement.

Deposits

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The Group has assessed that the expected credit loss rate for these receivables are immaterial under 12 months expected credit losses method. Thus, no loss allowance for deposit was recognised as at 30 April 2019.

Pledged bank deposits and cash at bank

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.

(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)

2019

	Weighted average interest rate	Carrying amount at 30 April RMB'000	Total undiscounted cash flows RMB'000	Contractual undiscounted cash outflow Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000
Bank borrowings						
– variable rate	**5.9%**	**260,000**	**275,163**	**275,163**	**–**	**–**
Trade and other payables		**67,961**	**67,961**	**67,961**	**–**	**–**
Amount due to a director		**7,102**	**7,102**	**7,102**	**–**	**–**
Amount due to a shareholder	**12.0%**	**1,343**	**1,586**	**1,586**	**–**	**–**
Convertible notes		**155,029**	**163,104**	**163,104**	**–**	**–**
		491,435	**514,916**	**514,916**	**–**	**–**

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	–

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 28 and 30 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 2019 would decrease/increase by approximately RMB1,300,000 (2018: RMB1,450,000).

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.

	2019 (expressed in RMB) USD '000
Cash and cash equivalents	**1,281**

	2018 (expressed in RMB) USD '000
Cash and cash equivalents	1,129

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

During the year ended 30 April 2019, 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 RMB64,050 (2018: RMB56,450). 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 2018.

(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 (2018: RMBnil) 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 RMBnil (2018: RMB503,000) 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).

2019

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Biological assets	–	13,732	–	13,732
Financial assets at FVTOCI	1,698	–	2,751	4,449
	1,698	13,732	2,751	18,181

36. FAIR VALUE MEASUREMENT (continued)

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

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 2019 and 2018.

Reconciliation of Level 3 fair value measurements

	Derivative financial liability RMB'000
At 1 May 2017	5,575
Fair value change in derivative financial liability	(5,046)
Exchange alignment	(296)
At 30 April 2018 and 1 May 2018	233
Addition	–
Fair value change in derivative financial liability	(248)
Exchange alignment	15
At 30 April 2019	–

36. FAIR VALUE MEASUREMENT (continued)

Inter-relationship between

Type	Valuation approach	Key measurement inputs 2019	2018	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 3,200 mu of lotus root – planted 650 mu of watermelon – planted 50 mu of peanuts – planted 400 mu of rice	– planted 3,500 mu of lotus root – planted 630 mu of watermelon – planted 100 mu of peanuts – planted 500 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 60.7% – Risk free rate 2.0% – Share price as at 30 April 2019 HK$0.217 per share – Conversion price Per share HK$2.0 – Discount rate 12.9%	– 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%	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 RMBnil (2018: RMB82,000) /approximately RMBnil (2018: RMB71,000) 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 RMBnil (2018: RMB1,033,000) /approximately RMBnil (2018: RMB1,046,000)

37. STATEMENT OF THE COMPANY'S FINANCIAL POSITION

	2019 RMB'000	2018 RMB'000
Non-current assets		
Property, plant and equipment	**129**	185
Available-for-sale financial assets	**–**	4,718
Financial assets at fair value through profit or loss	**1,698**	–
Investments in subsidiaries	**252,882**	237,672
	254,709	242,575
Current assets		
Trade and other receivables	**448**	459
Amounts due from subsidiaries	**1,349,552**	1,495,445
Cash and cash equivalents	**932**	738
	1,350,932	1,496,642
Current liabilities		
Other payables	**52,468**	43,837
Amount due to a director	**7,102**	6,675
Amount due to a shareholder	**1,343**	–
Amounts due to subsidiaries	**575,960**	539,463
Derivative financial liability	**–**	233
Convertible notes	**155,029**	–
	791,902	590,208
Net current assets	**559,030**	906,434
Total assets less current liabilities	**813,739**	1,149,009

37. STATEMENT OF THE COMPANY'S FINANCIAL POSITION (continued)

	2019 RMB'000	2018 RMB'000
Non-current liabilities		
Convertible notes	**–**	124,141
Net assets	**813,739**	1,024,868
Capital and reserves		
Share capital	**62,246**	59,062
Reserves	**751,493**	965,806
Total equity attributable to owners of the Company	**813,739**	1,024,868

Approved and authorised for issue by the board of directors on 31 July 2019.

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
China Green (Fujian) Food Import & Export Co. Limited (Note (ii))	The PRC	HK$30,000,000	100%	–	100%	Trading of agricultural
China Green Resources (Xiamen) Sales Company Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Sales of beverage
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	RMB175,000,000	100%	–	100%	Processing and sales of beverage Products
Zhonglu (Hubei) Industry Development Limited (Note (i))	The PRC	RMB200,000,000	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) Beverage 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 2019 and 2018 not provided for in the consolidated financial statements were as follows:

	2019	2018
	RMB'000	RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**–**	192

(b) Operating lease commitments

At 30 April 2019 and 2018, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	2019	2018
	RMB'000	RMB'000
Within one year	**634**	885
After one year but within five years	**505,000**	125,590
After five years	**600,000**	980,000
Total	**1,105,634**	1,106,475

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 statements, during the years ended 30 April 2019 and 2018, 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:

	2019 **RMB'000**	2018 RMB'000
Short-term employee benefits	**8,093**	8,984
Post-employment benefits	**88**	52
	8,181	9,036

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.

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 RMBnil (2018: RMB233,000) in relation to the conversion option embedded in convertible notes was calculated by using Crank-Nicolson finite-difference method.

(g) *Provision of ECL for the trade and other receivables*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's financial assets are disclosed in note 35(a).

42. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(h) 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 RMBnil (2018: RMB988,000), 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

On 17 May 2019, the Company entered into the non-legally binding memorandum of understanding (the "MOU") with Mr. Chen Jun Wei (陳君偉) (the "Vendor") in relation to the possible acquisition of certain equity interest in 安徽省福老酒業發展有限公司 (Anhui Fu Lao Wine Development Company Limited*) (the "Target Company") by the Company from the Vendor pursuant to the MOU (the "Possible Acquisition"), subject to the entering into the formal equity transfer agreement which may or may not be entered into by the Company and the Vendor in relation to the Possible Acquisition (the "Formal Agreement"). As at the date of approval of the consolidated financial statements for the year ended 30 April 2019, the Formal Agreement and the Possible Acquisition are still under negotiation.

Pursuant to the terms of the MOU, the Company shall pay the deposit in the amount of HK$13,884,000 to the Vendor within 10 days after the signing of the MOU (the "Deposit"). The Deposit shall be satisfied by the Company by the allotment and issue of 69,420,000 new ordinary shares of the Company at the issue price of HK$0.20 per share to the Vendor, subject to the grant of the listing of, and permission to deal in, such shares by the Stock Exchange. Such shares will be allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting held on 12 October 2018 and adjusted for the Share Consolidation (the "General Mandate") and is not subject to further shareholders' approval. As at the date of approval of the consolidated financial statements for the year ended 30 April 2019, the listing of, and permission to deal in, such shares has not been granted by the Stock Exchange to the Company.

For the details of the MOU, the Possible Acquisition and issue of the shares under General Mandate as the Deposit in connection with the Possible Acquisition, please refer to the announcement of the Company dated 17 May 2019.

* *For identification purpose only*

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 filed their amended statement of claim on 9 July 2018 and the Company filed the defence on 20 December 2018. On 12 July 2019, the Plaintiffs obtained leave from the court to file its re-amended statement of claim. The Company's amended defence is due to be filed on 30 August 2019. 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 authorisation 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.

44. LITIGATION (continued)

HCA 2922/2017 (continued)

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.

HCMP 41/2018 is an action commenced by Kwok Hiu Kwan ("Kwok) by way of originating summons against Convoy Holdings and four executive directors of Convoy Holdings present in extraordinary general meeting on 29 December 2017 (the "EGM") for declaration and injunctions. In essence to restrain them from disregarding his voting rights and to rectify the results of said EGM. If Kwok successful in HCMP 41/2018, it is expected that he will replace the board of directors of Convoy Holdings which means that HCA 2922/2017 and according 2773/2017 will be brought to an end.

The Company understanding that at the hearing HCMP 41/2018 in August 2018, the justice determined in favor of defendants therein in respect of certain issue and adjourned the remainder of the issue to be heard in March 2019. The Company however not aware of the results of the hearing in March 2019.

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 Plaintiff filed its statement of claim on 31 May 2018, the Company filed defence on 13 September 2018, and the Plaintiff filed its reply to the Company's defence on 7 May 2019. No further steps have been taken since.

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 2019, 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):

	2019 RMB'000	2018 RMB'000
Property, plant and equipment (Note 14)	**85,561**	90,768
Bank deposits (Note 26)	**1,982**	1,400
Total	**87,543**	92,168

46. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 July 2019.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 30 April				
	2015	2016	2017	2018	**2019**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Turnover	521,094	406,980	221,885	506,416	**471,173**
Gross profit/(loss)	94,304	57,367	(80,619)	67,243	**9,565**
Loss before taxation	(449,488)	(1,420,676)	(1,134,742)	(511,446)	**(645,071)**
Loss attributable to owners of the Company	(448,024)	(1,413,600)	(1,146,816)	(541,195)	**(645,071)**
Non-current assets	3,552,408	2,414,332	1,678,036	1,820,800	**1,313,204**
Current assets	2,055,319	2,495,050	1,741,732	699,644	**490,633**
Current liabilities	(1,522,750)	(1,610,269)	(809,628)	(445,495)	**509,338**
Non-current liabilities	(595,586)	(210,638)	(215,808)	(193,722)	**69,581**
Total equity attributable to owners of the Company	3,489,391	3,088,475	2,394,332	1,881,227	**1,224,918**
	(restated)	(restated)	(restated)	(restated)	
Basic loss per share (RMB)	(0.033)	(0.065)	(0.108)	(1.56)	**(1.82)**