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 2020

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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 ADVISER

Wellington Legal

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL BANKER

Standard Chartered Bank

REGISTERED OFFICE

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2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
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Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

STOCK CODE

904

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WEBSITE

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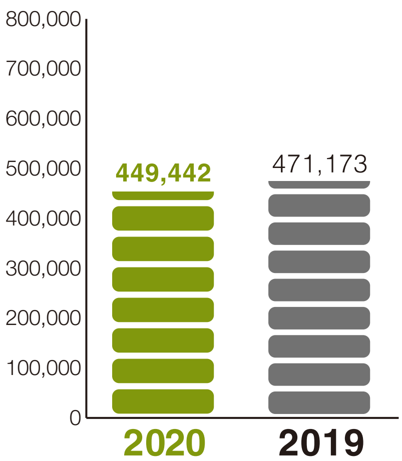
(RMB'000)	**2020**	2019
Turnover	**449,442**	471,173
– Fresh produce and processed products	**412,849**	430,803
– Branded food products and others	**36,593**	40,370
Gross profit	**42,279**	9,565
Gross profit margin	**9.4%**	2.0%
Loss for the year attributable to owners of the Company	**(846,398)**	(645,071)
Basic loss per share (RMB)	**(2.32)**	(1.82)

Key Financial Ratios

	2020	2019
Current Ratio	**0.56 times**	0.96 times
Gearing Ratio	**95.3%**	33.9%

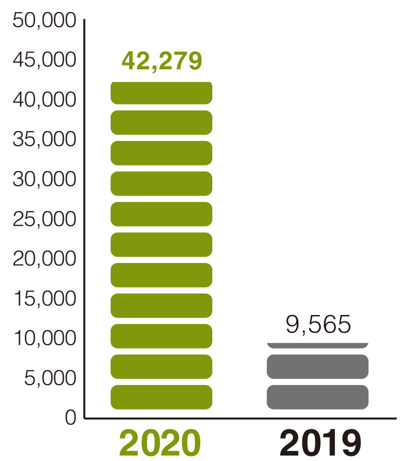
TURNOVER

(RMB'000)



GROSS PROFIT

(RMB'000)



RESULTS OVERVIEW

For the year ended 30 April 2020 ("FY2019/20"), China Green (Holdings) Limited (the "Company", together with its subsidiaries, 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:

	2020 RMB'000 (Audited)	2019 RMB'000 (Audited)
– Fresh produce and processed products	**412,849**	430,803
– Branded food products and others	**36,593**	40,370
Total	**449,442**	471,173

Fresh produce and processed products

Fresh produce and processed products primarily consisted of fresh vegetables such as sweet corns, lotus roots, radish, cucumbers, watermelons as well as multi-grains such as red beans, green beans and peanuts. During FY2019/20, revenue from this segment amounted to approximately RMB412,849,000 (for the year ended 30 April 2019 ("FY2018/19"): approximately RMB430,803,000), which slightly decreased by approximately 4% compared with that of the last year. Due to the slight decline in the production volume of certain fresh produce resulted from crop rotation practice according to soil properties and the structural adjustment in market demand for agricultural products, there is a slight 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 182,750 mu as at 30 April 2019 to 184,300 mu as at 30 April 2020. At the same time, with the enhancement in scale of cultivation and full leveraging of the favorable resource conditions contributed by local climate, soil and latitude, there is an increase in the level of comprehensive integration. The Group will pay more attention to soil quality and scientific cultivation to reduce the impact of extreme weather and maintain the production capacity. The Group will also closely monitor market demand and adjust cultivation structure and pattern of agricultural products timely and flexibly.

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 FY2019/20, revenue from this segment was approximately RMB36,593,000 (FY2018/19: approximately RMB40,370,000), which decreased by approximately 9.3% compared with that of the last year, which was due to adjustment in product mix and the impact of COVID-19 pandemic. Among all categories of branded food products, rice flour product, round and fragrant grain rice and black soil pearl rice under "China Green Imperial Delicacy" brand are top 3 best sellers, which sales figure was approximately RMB7,067,000, RMB5,260,000 and RMB3,012,000 respectively, accounting for approximately 41.92% of the total revenue from branded food products and others business in aggregate.

Gross profit and gross profit margin

During FY2019/20, the Group recorded a gross profit and gross profit margin of approximately RMB42,279,000 and 9.4% (FY2018/19: gross profit and gross profit margin of approximately RMB9,565,000 and 2.0%). The increase in both gross profit and gross profit margin was mainly attributable to (i) the significant increase in pork prices in the second half of 2019 led to a further rise in inflation rate and a corresponding rise in the consumer price index, and thus an increase in the selling prices of the Group's products accordingly; and (ii) during FY2019/20, the quality of the Group's fresh produce was improved and the product mix of agricultural products was adjusted, which resulted in an increase in the value of certain fresh produce as compared to that of FY2018/19. As a result, gross profit and gross profit margin increased.

Other revenue

Other revenue decreased from approximately RMB2,219,000 in FY2018/19 to approximately RMB1,240,000 in FY2019/20, mainly attributable to the decrease in bank interest income which amounted to approximately RMB980,000.

Other losses

During FY2019/20, the Group recorded other losses of approximately RMB407,000 (FY2018/19: other gains of approximately RMB1,265,000). The other losses are mainly due to the loss of approximately RMB502,000 on disposal of the entire equity interest in 奉新中綠碧雲有機大米科技有限公司 (Fengxin Zhonglu Biyun Organic Rice Science Technology Limited*). For details of the above disposal, please refer to the paragraph headed "Significant Investments held and Material Acquisitions and Disposals" below.

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 RMB8,225,000 as compared with a gain of approximately RMB6,698,000 in FY2018/19. Such gain is mainly due to the increase of market price of some biological assets such as watermelons and lotus roots as at 30 April 2020.

Impairment loss on property, plant and equipment

During FY2019/20, the Group recognised impairment loss on property, plant and equipment of approximately RMB166,552,000, representing a decrease of approximately 20.5% as compared to approximately RMB209,606,000 for FY2018/19.

The decrease in impairment loss on property, plant and equipment was mainly due to (i) certain equipment had been fully depreciated or determined as obsolete during FY2019/20; and (ii) maintenance of the related property, plant and equipment during FY2019/20 to extend their useful life and performance.

Impairment loss on right-of-use assets

During FY2019/20, the Group recognised impairment loss on right-of-use assets of approximately RMB379,496,000 (FY2018/19: Nil).

Such recognize of impairment loss was mainly due to the significant increase in the price of pork in recent years and since June and July 2019, the price hike has especially been aggravated by the impact of the swine fever epidemic in the previous period, which was followed by a general increase in the prices of various agricultural and non-staple products, further aggravation of inflation, continuous increase in price level and increase in various costs, such as cost of labour and materials. As a result, it is expected that the future net cash flows will decrease and an impairment loss was recognised in FY2019/20.

The above-mentioned losses are non-cash in nature and have no significant impact on the Group's cash flows for FY2019/20 accordingly.

Operating expenses

Total operating expenses amounted to approximately RMB271,863,000 increased by RMB29,182,000 and 12.0% as compared with that of approximately RMB242,681,000 in FY2018/19, which was mainly due to the increase in advertising and promotion cost, increase in research and development costs for new products and increase in insurance premium for the purpose of reducing finance costs.

Loss attributable to owners of the Company

During FY2019/20, loss attributable to owners of the Company was approximately RMB846,398,000 (FY2018/19: approximately RMB645,071,000). The increase in loss was mainly due to the recognition of impairment loss on right-of-use assets.

OUTLOOK AND PROSPECTS

In 2020, China's consumer market is expected to become even more challenging with the global outbreak of COVID-19 pandemic and heightened trade tensions, which will pose greater challenges to macroeconomic growth. Considering the new consumption habits and trends to be emerged in the post-pandemic world, the Group will act proactively, adjust its channel strategy in a timely manner and develop marketing channels and initiatives that are in line with the new consumption habits. The Group will also further enhance its marketing and promotion efficiency and strengthen its control over the terminal sector. Leveraging on its advantages in the area of industry chain and its brand building experience, the Group will strive for the combination of new retail, community retail models and platforms to accelerate the development of its online business, enhance the resources for each platform and expand its business volume.

The development of agriculture remains the top priority of the Chinese central government in the coming years, and a crucial layout for expanding agricultural product networks, promoting agricultural product trading and improving agricultural product storage facilities has been set out in the No 1 central document in 2020.

The Group will continue to strive to improve its corporate governance, optimize its product mix, product processes and enhance product quality to launch products that can embody its core competitive advantages. The Group will further consolidate and strengthen the competitiveness of its multi-grain products and high value-added products to meet the rising market demand for multi-grain products and continue to bring consumers healthy and safe food products. The Group is confident that this approach will be beneficial to the Company and its shareholders in the long run.

UNCERTAINTIES RELATING TO GOING CONCERN

For the year ended 30 April 2020, the Group incurred a loss of approximately RMB846,398,000 (2019: approximately RMB645,071,000) and a net cash outflow from operating activities of approximately RMB180,010,000 (2019: approximately RMB54,119,000). As at 30 April 2020, the Group had net current liabilities of approximately RMB220,210,000 (2019: approximately RMB18,705,000). In addition, the Group's convertible notes with principal amount of approximately HK$190,000,000 (equivalents to approximately RMB173,167,000) was matured on 22 August 2019 and together of the accrued interest RMB14,546,000 (equivalents to HK$15,960,000) was not paid as at 30 April 2020. As at 30 April 2020, the Group's bank borrowings of RMB165,000,000 will be due in October 2020.

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.

In view of such circumstances, the management 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. The Group will implement various initiatives to increase revenue and control costs, leverage the loans for resumption of work offered under the policies for mitigating the impact of COVID-19 pandemic, strive for tax and expenses reduction, reduce finance costs, broaden the channel and scale of financing. 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 continue 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 the consolidated financial statements of the Group for the year ended 30 April 2020, the Group is actively exploring, formulating and negotiating feasible debt restructuring plans with convertible notes holder's representatives;

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.

Having considered the above, the directors of the Company (the "Directors") are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for FY2019/20 on a going concern basis.

The audit committee of the Company (the "Audit Committee") has reviewed and agreed with the management's position and is of the view that the board of Directors (the "Board") should continue its efforts in implementing necessary measures for enhancing the Group's liquidity position.

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 financial statements.

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. The Company's Amended Defence was filed on 30 August 2019.

On 12 March 2020, the Plaintiffs filed their reply to the Company's Amended Defence and further filed their Re-Re-Amended Statement of Claim on 6 July 2020.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively and the interim report of the Company for the six months ended 31 October 2019 (the "FY2019/20 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 and the FY2019/20 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. Convoy Collateral filed its reply on 7 May 2019. There has not been further significant steps taken since.

For details about the abovementioned action, please refer to the Company's announcement dated 14 February 2018 and the FY2019/20 Interim Report.

EVENT AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in January 2020 has become a pandemic and various anti-pandemic measures for the prevention and control of COVID-19 have been implemented nationally and worldwide. This has resulted in restrictions and lock-down regarding travel and business activities implemented by governments on a preventative basis and has a certain impact on business operations with customers' demand for the Group's products declines, which will directly affect the Group's performance. The domestic consumer market is expected to face a severe downward trend, and the economy will face hits and challenges in the short term. However, it is believed that the long-term positive development trend of China's overall economy will continue. Under the new situation, it is expected that the government will take further steps to stabilize growth, promote development, and turn crisis into opportunities. As of the date of this report, it is not yet feasible to estimate the financial impact. The Group will continue to monitor the development of COVID-19, assess its impact on the state of affairs and operating results of the Group, and respond proactively.

GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2020, the Group's total cash and cash equivalents amounted to approximately RMB44,690,000 (30 April 2019: approximately RMB339,022,000) whilst the total assets and net assets were approximately RMB1,398,878,000 (30 April 2019: approximately RMB1,803,837,000) and RMB364,739,000 (30 April 2019: approximately RMB1,224,918,000) respectively. The Group had current assets of approximately RMB278,543,000 (30 April 2019: approximately RMB490,633,000) and current liabilities of approximately RMB498,753,000 (30 April 2019: approximately RMB509,338,000). The current ratio was 0.56 times (30 April 2019: 0.96 times). The Group's bank borrowings amounted to approximately RMB165,000,000 (30 April 2019: approximately RMB260,000,000), of which secured bank borrowings were approximately RMB165,000,000 (30 April 2019: approximately RMB260,000,000). The restated convertible notes amounted to HK$190,000,000 (equivalent to approximately RMB173,167,000) (30 April 2019: approximately RMB155,029,000). The gearing ratio of the Group, defined as the total borrowings and convertible notes to the shareholders' equity, amounted to 95.3% as at 30 April 2020 as compared with 33.9% as at 30 April 2019.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

As at 30 April 2020, 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.

Convertible Notes in the aggregate principal amount of HK$190,000,000

On 22 August 2016, the Company issued a direct, unconditional, unsubordinated and unsecured HK$190,000,000 12% convertible notes due 2017 (the "Convertible Notes") to Convoy Collateral Limited (the "Noteholder"), which enabling the Noteholder to convert the principal amount of the Convertible Notes and the interest accrued thereon into shares of the Company at the conversion price of HK$0.15 per share (subject to adjustments).

On 17 February 2017, the Company issued the restated HK$190,000,000 non-interest bearing convertible notes due 2019 (the "Restated Convertible Notes") to the Noteholder pursuant to the modification deed in respect of deed poll constituting the Convertible Notes entered into between the Company and the Noteholder on 15 December 2016, which enabling the Noteholder to convert the principal amount of the Restated Convertible Notes into shares of the Company at the conversion price of HK$0.10 per share (adjusted to HK$2.00 per share for the effect of the share consolidation took effect on 30 November 2018).

Pursuant to the terms and conditions of the Restated Convertible Notes, the Restated Convertible Notes are subject to redemption by the Company on 22 August 2019, being the date falling on the third anniversary of the date of the issue of the Convertible Notes. As at the date of approval of the consolidated financial statements of the Group for the year ended 30 April 2020, the Company is in discussion with the Noteholder through intermediaries to work out a repayment plan. As such, pursuant to the respective terms and conditions of the Restated Convertible Notes, the foregoing constitutes a potential event of default under the Restated Convertible Notes and default interest will accrue on the outstanding amount to the Noteholder.

For details, please refer to the Company's announcements dated 20 May 2016, 22 August 2016, 15 December 2016, 20 January 2017, 25 January 2017, 17 February 2017 and 22 August 2019 and the Company's circulars dated 8 July 2016 and 4 January 2017.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2020, the Group did not have contractual capital commitments (30 April 2019: approximately RMB192,000).

As at 30 April 2020, the Group had not provided any form of guarantee for any companies outside the Group and no provision for contingent liabilities (30 April 2019: Nil) had been made by the Group due to the involvement in litigation.

PLEDGE ON GROUP'S ASSETS

As at 30 April 2020, certain property, plant and equipment and interests in leasehold land held for own use under operating leases with book value amounting to approximately RMB80,353,000 (30 April 2019: approximately RMB85,561,000) had been pledged to secure the Group's bank loans for the purpose of working capital, and bank deposits amounting to approximately RMB6,750,000 (30 April 2019: approximately RMB1,982,000) 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 2020 and as at the date of approval of the consolidated financial statements of the Group for the year ended 30 April 2020.

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 2020. 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 (the "PRC") or other financial institutions authorized to buy and sell foreign currencies.

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

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

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

On 17 May 2019, the Company, as purchaser, entered into a non-legally binding memorandum of understanding (the "MOU") with Mr. Chen Jun Wei (陳君偉), as 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*), subject to the entering into the formal equity transfer agreement in connection therewith. As no formal equity transfer agreement was entered into between the parties to the MOU by the long stop date, the MOU has lapsed and ceased to have any effect.

Details of the MOU were set out in the announcements of the Company dated 17 May 2019, 16 August 2019 and 18 November 2019.

Disposal of the Entire Equity Interest in 奉新中綠碧雲有機大米科技有限公司 (Fengxin Zhonglu Biyun Organic Rice Science Technology Limited*)

On 22 November 2019, 中綠(江西)食品科技有限公司 (China Green (Jiangxi) Food Science Technique Limited*), an indirect wholly-owned subsidiary of the Company (the "Vendor"), as vendor, Mr. Wu Jiqiang (吳吉强) and Mr. Chen Changcai (陳昌財) (the "Purchasers"), as purchasers, and 奉新中綠碧雲有機大米科技有限公司 (Fengxin Zhonglu Biyun Organic Rice Science Technology Limited*) (the "Target Company") entered into an equity transfer agreement, pursuant to which the Vendor has agreed to sell, and the Purchasers have agreed to acquire 100% of the equity interest in the Target Company at the consideration of RMB3.8 million (equivalent to approximately HK$4.2 million)(the "Disposal"). The Disposal has been completed on 25 November 2019.

For the details of the Disposal, please refer to the announcement of the Company dated 22 November 2019.

STAFF, TRAINING AND REMUNERATION POLICIES

As at 30 April 2020, the Group had a total of 313 employees, of which 141 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for the year ended 30 April 2020 was approximately RMB28,032,000 (for the year ended 30 April 2019: approximately RMB31,253,000).

Employees are paid competitively, taking into account individual performance, experience, and their respective roles and positions. Other benefits offered by the Group included statutory provident funds, year-end bonuses, and share options to be granted to selected employees on the basis of their individual performance. In addition, the Group provides different training courses to its employees. Such trainings are either provided internally or by external parties which include personal quality and business skills training, sales training, and extra-curriculum training sessions.

* *For identification purpose only*

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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance. During the year ended 30 April 2020, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year ended 30 April 2020.

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 2020 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 32 to 33 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 year ended 30 April 2020 to the Company. During the year ended 30 April 2020, each of the Directors participated in continuous professional development by reading materials relating to the discharge of their duties and responsibilities and regulatory updates.

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.

Attendance Records

Name of Directors	Number of attendance: Board Meetings	General Meeting	Audit Committee's Meetings	Nomination Committee's Meeting	Remuneration Committee's Meeting	Corporate Governance Committee's Meeting
Executive Directors:						
Mr. Sun Shao Feng *(Chairman and CEO)*	5/5	1/1	N/A	N/A	N/A	N/A
Mr. Wang Jinhuo	5/5	1/1	N/A	1/1	1/1	1/1
Mr. Liu Yuk Ming *(Note 1)*	1/2	1/1	N/A	N/A	N/A	N/A
Mr. Shum Wan Wah, Walter *(Note 2)*	1/2	1/1	N/A	N/A	N/A	N/A
Independent Non-executive Directors:						
Mr. Hu Ji Rong	5/5	1/1	2/2	1/1	1/1	1/1
Mr. Wei Xiongwen	5/5	1/1	2/2	1/1	1/1	1/1
Mr. Guo Zebin	5/5	1/1	2/2	N/A	N/A	N/A

Notes:

1. Mr. Liu Yuk Ming has been appointed as an executive Director with effect from 13 August 2019 and retired on 18 October 2019. His attendances above were stated by reference to the number of meetings held during his tenure.

2. Mr. Shum Wan Wah, Walter has been appointed as an executive Director with effect from 13 August 2019 and retired on 18 October 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 2020, the Board held 5 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 Meeting

During the year ended 30 April 2020, 1 general meeting of the Company were held, being the annual general meeting held on 18 October 2019.

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 2020, the Audit Committee held 2 meetings at which the members of the Audit Committee (i) reviewed the engagement letters of the external auditors for the audit of the Group's financial statements for the year ended 30 April 2019 and professional consultant for the review on the Group's internal control environment for the year ended 30 April 2019; (ii) reviewed the Group's financial statements for the year ended 30 April 2019 and recommended the re-appointment of the external auditors; (iii) reviewed the internal control and risk management systems of the Group for the year ended 30 April 2019; and (iv) reviewed the Group's financial statements for the six months ended 31 October 2019. 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 2020 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 of the Company (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/her 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 of the Company (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 2020, the Nomination Committee held 1 meeting and passed resolutions by way of written resolutions, at which the Nomination Committee (i) reviewed the Board structure and composition, (ii) recommended the re-election of retiring Directors, (iii) assessed the independence of the independent non-executive Directors, and (iv) made recommendation on new Director 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 2020, the Remuneration Committee held 1 meeting and passed resolutions by way of written resolutions, 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 senior management (comprising Directors) of the Company for the year ended 30 April 2020, by band is set out below:

Remuneration Band	Number of individuals
Nil to RMB1,000,000	4
RMB1,000,001 to RMB2,000,000	0
RMB2,000,001 to RMB3,000,000	0
RMB3,000,001 to RMB4,000,000	0
RMB4,000,001 to RMB5,000,000	0
RMB5,000,001 to RMB6,000,000	0
RMB6,000,001 to RMB7,000,000	1

Details of the remuneration of Directors are set out in note 8 to the consolidated financial statements.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (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 reviewing 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 2020, 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, the Company's compliance with the CG Code and disclosure in Corporate Governance Report.

AUDITORS' REMUNERATION

During the year ended 30 April 2020, 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	**1,431**
Non-audit services *(Note)*	**9**
	1,440

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.

Mr. Wang Jinhuo, an executive Director, 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 2020.

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 of the Company 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 2020.

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 2020, 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.

As disclosed in the independent auditors' report and note 2 to the consolidated financial statements, the auditors of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 30 April 2020 related to, among other matters, the material uncertainties related to going concern and its basis. Please refer to paragraph headed "Uncertainties Relating to Going Concern" in the "Management Discussion and Analysis" section contained in this Annual Report for details regarding the management position, the view of the Directors and the Audit Committee and the action plan to resolve the related issues.

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

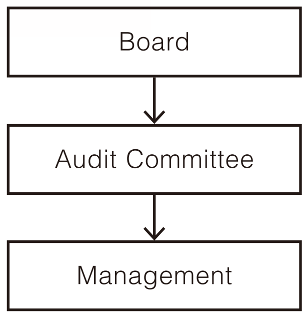
The Board's Responsibilities for the Risk Management and Internal Control Systems

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 2020.

Main Features of the Risk Management System

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



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

Role	Major Responsibilities
Audit Committee	– reviews the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance controls;
	– reviews the emerging risks of the Group annually, and the risk management and the internal controls in place to address those risks;
	– discusses the risk management and internal control systems with management of the Group to ensure that the management of the Group has performed its duty to have 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.
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 2020 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.

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng ("Mr. Sun") (孫少鋒), aged 55, 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 (廈門市湖里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 43, was appointed as an executive Director with effect from 1 September 2017. He 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 64, 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 had 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. Mr. Hu served as an independent director of Haixin Foods Co., Ltd.* (海欣食品股份有限公司) (stock code: 002702), a company whose shares are listed on the Shenzhen Stock Exchange, and resigned on 11 April 2018. He is an independent director of each of Fujian Yongfu Power Engineering Co., Ltd* (福建永福電力設計股份有限公司) (stock code: 300712) and Fujian Rongji Software Co., Ltd.* (福建榕基軟體股份有限公司) (stock code: 002474), the shares of both companies are listed on the Shenzhen Stock Exchange, and an independent director of each of Fujian Forecam Optics Co., Ltd.* (福建福光股份有限公司) (stock code: 688010) and Sichuan Furong Technology Co., Ltd.* (四川福蓉科技股份公司) (stock code: 603327), the shares of both companies are listed on the Shanghai Stock Exchange. Mr. Hu has been appointed as an independent non-executive director of Haitian Energy International Limited (stock code: 1659), the shares of which are listed on the Main Board of the Stock Exchange, since 3 August 2020. Mr. Hu 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 52, 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 34, 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.

* *For identification purpose only*

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 2020.

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 2020 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 2020 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 53 to 58 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2020 (2019: 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, 30 October 2020 (the "2020 AGM").

For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 27 October 2020 to Friday, 30 October 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2020 AGM, all transfers of shares of the Company accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 October 2020.

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 "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 section headed "Environmental Policies and Performance" below;

(e) the Group's key relationships with employees, customers and suppliers are shown in 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

(g) significant event that have an effect on the Group subsequent to the year ended 30 April 2020 are shown in the "Management Discussion and Analysis" section of this annual report.

The environmental, social and governance report of the Company for the year ended 30 April 2020 containing the information required under Appendix 27 to the Listing Rules, including further details of the Group's environmental policies and performance, the Group's key relationships with employees, customers and suppliers, and the Group's compliance with the relevant laws and regulations, will be published on the Stock Exchange's website and the Company's website within three months after the publication 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 manmade 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.

(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 and liquidity. The Group actively and regularly reviews these risks and will adopt measures, if needed, to control and mitigate these risks. For details, please refer to note 35 to the consolidated financial statements.

RELATIONSHIP WITH KEY STAKEHOLDERS

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

(i) Employees

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

(ii) Customers

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

(iii) Suppliers

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

(iv) Community

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

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.

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 2020 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.

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 2020, as extracted from the audited consolidated financial statements of the Company is set out on page 178 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

As at 30 April 2020, 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.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2020 are set out in the consolidated statement of changes in equity on page 57 of this annual report and note 31 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 2020 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 (2019: 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 2020, the reserves of the Company were not available for distribution (2019: Nil). In addition, the Company's share premium account, in the amount of approximately RMB1,155,545,000 at 30 April 2020 (2019: approximately RMB1,155,545,000), may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHT

There are no pre-emptive provisions under the bye-laws of the Company 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 LISTED 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 2020.

DIRECTORS

The Directors during the year ended 30 April 2020 and up to the date of this annual report were as follows:

Executive Directors

Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Wang Jinhuo
Mr. Liu Yuk Ming *(appointed on 13 August 2019 and retired on 18 October 2019)*
Mr. Shum Wan Wah, Walter *(appointed on 13 August 2019 and retired on 18 October 2019)*

Independent Non-executive Directors

Mr. Hu Ji Rong
Mr. Wei Xiongwen
Mr. Guo Zebin

In accordance with bye-law 87 (1) of the Company's bye-laws, Mr. Sun Shao Feng and Mr. Hu Ji Rong will retire by rotation at the 2020 AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the 2020 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 2020, with an independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. During the year ended 30 April 2020 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 2020 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 32 to 33 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2020, 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 (HK$)	Exercisable period	Outstanding as at 30 April 2020
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, as at 30 April 2020, 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 2020 are as follows:

Category of participants	Date of grant of share option	Exercise Period	Exercise price (HK$)	Outstanding as at 1 May 2019	Granted during the year	Exercised/ cancelled/ lapsed during the year	Outstanding as at 30 April 2020
Directors							
Mr. Sun Shao Feng	18 January 2018	18 January 2018 to 17 January 2028	0.64	3,400,000	–	–	3,400,000
Mr. Wang Jinhuo	18 January 2018	18 January 2018 to 17 January 2028	0.64	3,250,000	–	–	3,250,000
Sub-total				6,650,000	–	–	6,650,000
Employees							
In aggregate	18 January 2018	18 January 2018 to 17 January 2028	0.64	28,061,425	–	–	28,061,425
Total				34,711,425	–	–	34,711,425

As at 30 April 2020, 69,422,850 shares are issuable under the Share Option Scheme, representing approximately 19.01% of the shares in issue as at 30 April 2020 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 2020 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 2020, 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 2)*	Approximate percentage of the Company's issued share capital *(Note 1)*
Capital Mate *(Note 3)*	Beneficial owner	Long position	18,327,330	–	5.02%
Convoy Collateral Limited *(Note 4)*	Beneficial owner	Long position	–	95,000,000	26.02%
Convoy Global Holdings Limited *(Note 4)*	Interest of controlled corporation	Long position	–	95,000,000	26.02%

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 2020 (i.e. 365,158,370 shares).

2. The number of underlying shares of the Company held includes the maximum number of conversion shares to be issued upon full exercise of the Restated Convertible Notes.

3. 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.

4. 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 took place on 30 November 2018.

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 2020.

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 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2020, 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 2020, 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 2020, 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 2020.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was approximately 66.64% of the Group's purchase and the largest supplier to the Group was approximately 30.14% of the Group's purchase for the year ended 30 April 2020.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 17.19% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 3.72% of the Group's turnover for the year ended 30 April 2020.

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 of the Company 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 2020 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 2020 and up to the date of this annual report.

DONATION

During the year, when the COVID-19 became widespread, the Group donated 30.5 tonnes worth of rice produced by its own farms and 20,000 pieces of face masks to the Xiamen authorities and Tianmen government respectively, to contribute to communities fighting the pandemic and provide support to satisfy their daily needs during the difficult time.

AUDITORS

A resolution will be proposed at the 2020 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, 25 September 2020

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)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Green (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 177, which comprise the consolidated statement of financial position as at 30 April 2020, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation on investment in an associate

As disclosed in the Note 17 to the consolidated financial statements, the Group has an investment in an associate which the carrying amount of the investment in the associate remained at nil as at 30 April 2020. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in the associate as at 30 April 2020 and the Group's share of results and impairment loss reversal, if any, for the year then ended because we were denied access to the management and auditors of the associate. Hence we were unable to carry out audit procedures we considered necessary on the financial information of the associate, including its financial position as at 30 April 2020 and its profit or loss for the year then ended. Consequently, we were unable to determine whether any adjustments to the carrying amount of the Group's investment in the associate as at 30 April 2020 and the Group's share of results of the associate and impairment loss reversal, if any, for the year then ended, as well as the disclosures in Note 17 about the financial information of the associate, were necessary. Any adjustments found to be necessary may have a consequential significant impact on the loss and other comprehensive loss of the Group for the year ended 30 April 2020 and the Group's net assets as at 30 April 2020 and the related elements presented or disclosed in the consolidated financial statements.

Scope limitation on financial assets at fair value through other comprehensive income

As disclosed in the Note 19 to the consolidated financial statements, the Group's investment in financial assets at fair value through other comprehensive income is carried at approximately RMB2,921,000 as at 30 April 2020. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the investment as at 30 April 2020 because no valuation of the investment as at 30 April 2020 was performed by management or independent professional valuer engaged by the management and management was unable to provide us with the financial results and other relevant financial information in respect of the investee company. We were unable to satisfy ourselves about the carrying amount of the Group's investment in the financial assets at fair value through other comprehensive income as at 30 April 2020 and the fair value change to be recognised in other comprehensive income of the Group for the year then ended. Consequently, we were unable to determine whether any adjustments to these recorded amounts were necessary. Any adjustments found to be necessary may have a consequential significant impact on the other comprehensive loss of the Group for the year ended 30 April 2020 and the Group's net assets as at 30 April 2020 and the related elements presented or disclosed in the consolidated financial statements.

Material uncertainties relating to the going concern basis

As explained in Note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB846,398,000 for the year ended 30 April 2020, and, as of that date, the Group's current liabilities exceeds its current assets by approximately RMB220,210,000. The Group's convertible notes with principal amount of HK$190,000,000 (equivalents to approximately RMB173,167,000) matured on 22 August 2019 and together with the overdue interest payment of RMB14,546,000 (equivalents to HK$15,960,000) was not repaid as at 30 April 2020 and at the date of this report. The Group's bank borrowings of RMB165,000,000 outstanding as at 30 April 2020 will fall due in October 2020. The directors are undertaking certain measures to improve the Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the eventual successful outcomes of these measures, which are subject to multiple uncertainties, including (i) whether Mr. Sun Shao Feng, the chairman, chief executive officer and executive Director of the Company, is able to provide financial support to the Group to enable the Group to continue to operate as a going concern in the foreseeable future and to settle the Group's liabilities as and when they fall due; (ii) whether the Group is able to successfully negotiate with the holders of its outstanding convertible notes to restructure and/or refinance the obligation, including extending the repayment dates for those with overdue principals and interests; (iii) whether the Group is able to secure necessary credit facilities to enable the Group to meet its working capital and financial requirements in the foreseeable future; (iv) whether the Group is able to obtain renewals of its existing bank borrowings when they fall due for repayment; (v) whether the Company is able to successfully undertake alternative capital raising transactions to strengthen the capital base of the Group; and (v) whether the Group is able to implement its cost control measures to attain positive cash flows from operations.

The factors referred to above, along with other matters as described in Note 2 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying 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 effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustment were necessary.

RESPONSIBILITIES OF THE 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as 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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditors' report. 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the items stated under Basis for Disclaimer of Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and

- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

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
Practicing Certificate Number: P05806

Hong Kong, 25 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	4	**449,442**	471,173
Cost of sales		**(407,163)**	(461,608)
Gross profit		**42,279**	9,565
Other revenue	5(a)	**1,240**	2,219
Other (losses)/gains, net	5(b)	**(407)**	1,265
Gain arising from changes in fair value less costs to sell of biological assets	21	**8,225**	6,698
Impairment loss on property, plant and equipment	16	**(166,552)**	(209,606)
Impairment loss on right-of-use assets	16	**(379,496)**	–
Impairment loss on long-term prepaid rentals	16	**–**	(162,826)
Selling and distribution expenses		**(42,035)**	(41,820)
General and administrative expenses		**(229,828)**	(200,861)
Share of loss of investment in an associate	17	**–**	(3,545)
Share of loss of investment in a joint venture	18	**(133)**	(94)
Loss from operations		**(766,707)**	(599,005)
Finance costs	6(a)	**(79,691)**	(46,066)
Loss before taxation	6	**(846,398)**	(645,071)
Income tax	7	**–**	–
Loss for the year attributable to owners of the Company		**(846,398)**	(645,071)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2020

	Notes	2020 RMB'000	2019 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		**(13,637)**	(10,771)
Exchange differences on translation of financial statements of investment in an associate		**–**	219
		(13,637)	(10,552)
Items that will not reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(144)**	(4,583)
Other comprehensive loss for the year		**(13,781)**	(15,135)
Total comprehensive loss for the year attributable to owners of the Company		**(860,179)**	(660,206)
Loss per share attributable to owners of the Company (RMB)			
– Basic and diluted	11	**(2.32)**	(1.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	14	**488,064**	747,220
Interests in leasehold land held for own use under operating leases	15	**–**	114,094
Long-term prepaid rentals	15	**–**	446,755
Right-of-use assets	15	**628,797**	–
Investment in an associate	17	**–**	–
Investment in a joint venture	18	**553**	686
Financial assets at fair value through other comprehensive income	19	**2,921**	4,449
		1,120,335	1,313,204
Current assets			
Inventories	20	**4,134**	4,299
Biological assets	21	**14,740**	13,732
Current portion of long-term prepaid rentals	15	**–**	24,777
Trade and other receivables	22	**208,229**	106,821
Pledged bank deposits	23	**6,750**	1,982
Cash and cash equivalents	24	**44,690**	339,022
		278,543	490,633
Current liabilities			
Trade and other payables	25	**257,392**	68,060
Bank borrowings	26	**165,000**	260,000
Lease liabilities	27	**49,591**	–
Amount due to a director	30	**7,540**	7,102
Amount due to a shareholder	31	**1,426**	1,343
Convertible notes	29	**–**	155,029
Income tax payable		**17,804**	17,804
		498,753	509,338
Net current liabilities		**(220,210)**	(18,705)
Total assets less current liabilities		**900,125**	1,294,499

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current liabilities			
Deferred tax liabilities	28	**69,081**	69,581
Lease liabilities	27	**466,305**	–
		535,386	69,581
Net assets		**364,739**	1,224,918
Capital and reserves			
Share capital	32	**62,247**	62,247
Reserves		**302,492**	1,162,671
Total equity attributable to owners of the Company		**364,739**	1,224,918

Approved and authorised for issue by the board of directors on 25 September 2020.

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 2020

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	PRC Statutory reserves 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	Accumulated losses RMB'000	Total RMB'000
As at 30 April 2018	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
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	(13,637)	–	(13,637)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(144)	–	–	(144)
Loss for the year	–	–	–	–	–	–	–	–	(846,398)	(846,398)
Total comprehensive loss for the year	–	–	–	–	–	–	(144)	(13,637)	(846,398)	(860,179)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	27,806	–	(27,806)	–
Disposal of a subsidiary (Note 34)	–	–	(7,486)	–	–	–	–	–	7,486	–
As at 30 April 2020	62,247	1,155,545	242,364	10,950	14,694	925,834	959	(186,057)	(1,861,797)	364,739

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2020

	Notes	2020 RMB'000	2020 RMB'000	2019 RMB'000	2019 RMB'000
Operating activities					
Cash used in operations	24(b)		**(180,010)**		(54,119)
PRC enterprise income tax paid			**–**		–
Net cash used in operating activities			**(180,010)**		(54,119)
Investing activities					
Payment for purchase of fixed assets		**(572)**		(5,373)	
Proceeds from disposals of property, plant and equipment, net of cash disposed		**115**		359	
Proceeds from disposal of subsidiary, net of cash disposed	34	**3,799**		–	
Increase in pledged bank deposits		**(4,768)**		(582)	
Interest received		**980**		2,051	
Net cash used in investing activities			**(446)**		(3,545)
Financing activities					
Issue of new shares, net		**–**		5,279	
Increase in borrowings		**445,000**		650,000	
Repayment in borrowings		**(540,000)**		(710,000)	
Interest paid		**(15,372)**		(23,077)	
Net cash used in financing activities			**(110,372)**		(77,798)
Net decrease in cash and cash equivalents			**(290,828)**		(135,462)
Cash and cash equivalents at 1 May			**339,022**		475,965
Effect of foreign exchange rate changes			**(3,504)**		(1,481)
Cash and cash equivalents at 30 April			**44,690**		339,022
Analysis of balances of cash and cash equivalents					
Cash and cash equivalents			**44,690**		339,022

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 consolidated financial statements have been prepared on 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, as explained in the accounting policies set out below.

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 an orderly transaction 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 a liability, the Group takes into account the characteristics 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 accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), 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 2020, the Group incurred a loss of approximately RMB846,398,000 (2019: approximately RMB645,071,000) and a net cash outflow from operating activities of approximately RMB180,010,000 (2019: approximately RMB54,119,000). As at 30 April 2020, the Group had net current liabilities of approximately RMB220,210,000 (2019: approximately RMB18,705,000). In addition, the Group's convertible notes with principal amount of approximately HK$190,000,000 (equivalents to approximately RMB173,167,000) was matured on 22 August 2019 and together of the accrued interest RMB14,546,000 (equivalents to HK$15,960,000) was not paid as at 30 April 2020. As at 30 April 2020, the Group's bank borrowings of RMB165,000,000 will be due in October 2020.

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 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 continue 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 is actively exploring, formulating and negotiating feasible debt restructuring plans with convertible notes holder's representatives;

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.

Having considered the above, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 30 April 2020 on a going concern basis.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

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

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties; rights arising from other contractual arrangements;
- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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 in line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Investments in 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 exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and 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 or the portion so classified 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. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or 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 recognizing 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

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 Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, 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 costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that 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.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, 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. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant 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) upon disposal/partial disposal of the relevant associate or joint venture.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

When the Group reduces its ownership interest in an 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 interest 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3) (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group right-of-use assets as a separate time item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3) (continued)

Lease liabilities (continued)

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3) (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leasing (prior to 1 May 2019)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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.

Impairment on property, plant and equipment and right-of-use assets, other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment and right-of-use assets, other than goodwill (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. 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 ("FVTPL")) 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 FVTPL 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Classification and subsequent measurement of financial assets

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 flows that are solely payments of principal and interest on the principal amount outstanding.

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 selling and collecting contractual cash flows; 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 FVTPL, except that at the date of initial application of HKFRS 9/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 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 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 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 assets (continued)

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.

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. 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 other comprehensive income 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 reserve line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and deposits which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade and other receivables and deposits without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings (should tailor to reporting entity's specific facts and circumstances.

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 assets (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, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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 (without taking into account any collaterals held by the Group).

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:

(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; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (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 and other receivables, and deposits are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets

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, 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, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with 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 Company 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

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Convertible loan notes 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 of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound 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 retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible loan notes contain equity component (continued)

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

Convertible loan notes contain debt and derivative components

A conversion option that will be settled other than by the exchange of a fixed amount of cash or 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 components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at 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 costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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, 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, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Biological assets

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

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

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

Employee benefits

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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 of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. 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-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to retained profit. 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-based payments reserve will continue to be held in share-based payments reserve/will be transferred to retained profits.

Government grants

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 income/a deduction from the carrying amount of the relevant asset 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.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

– the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

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

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue from contracts with customers

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

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.

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

For contracts that contain more than one performance obligations (to specify), 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

(iii) Rental income

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

(iv) Dividend income

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

Foreign currencies

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

Borrowing costs

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

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

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

Related parties transactions

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

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

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

  (ii) has significant influence over the Group; or

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

(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;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions (continued)

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

(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.

Segment reporting

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

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to Hong Kong Financial Reporting Standards ("new and amendments to HKFRSs") issued by the HKICPA for the first time in the current year:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 May 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019.

As at 1 May 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;

(iv) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 9.5%.

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

As a lessee (continued)

The following table reconciles the operating lease commitments as at 30 April 2019 to the opening balance for lease liabilities recognised as at 1 May 2019:

	RMB'000
Operating lease commitments disclosed as at 30 April 2019 (Note 39)	1,105,634
Lease liabilities discounted at relevant incremental borrowing rates	471,292
Less: Recognition exemption – short-term leases	(634)
Lease liabilities as at 1 May 2019	470,658
Analysed as	
Current	45,238
Non-current	425,420
	470,658

The recognised right-of-use assets relate to the following types of assets:

	As at 1 May 2019 RMB'000
Agricultural land	470,658

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

As a lessee (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 May 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as 30 April 2019	Adjustments	Reclassification	Carrying amounts under HKFRS 16 at 1 May 2019
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets				
Fixed assets:				
– Interest in leasehold land held for own use under operating leases	114,094	–	(114,094)	–
Long-term prepaid rentals	446,755	–	(446,755)	–
Right-of-use assets	–	470,658	588,664	1,059,322
Current Assets				
Trade and other receivable:				
– Interest in leasehold land held for own use under operating lease	3,038	–	(3,038)	–
Current portion of long-term prepaid rentals	24,777	–	(24,777)	–
Current Liabilities				
Lease liabilities	–	45,238		45,238
Non-current Liabilities				
Lease liabilities	–	425,420		425,420

The application of HKFRS 16 to lease previously classified as operating leases under HKAS 17 resulted in the recognition of right-of-use assets of RMB470,658,000 and lease liabilities of RMB470,658,000 at the initial adoption of HKFRS 16.

Upfront payments for long-term prepaid rental and interest in leasehold land held for own use under operating lease as at 30 April 2019. Upon application of HKFRS 16 the current and non-current portion of long-term prepaid rental and interest in leasehold land held for own use under operating lease amount to RMB24,777,000 and RMB446,755,000 and RMB3,038,000 and RMB114,094,000 respectively were reclassified to right-of-use asset as at 1 May 2019.

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 30 April 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[2]
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions[5]

1 Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective for annual periods beginning on or after a date to be determined.

5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

During the years ended 30 April 2020 and 2019, the Group was principally engaged in the growing, processing and sales of agricultural products, production and sales of consumer food products.

Revenue 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:

	2020 **RMB'000**	2019 RMB'000
Disaggregation of revenue from contract with customers		
At a point in time		
Fresh produce and processed products	**412,849**	430,803
Branded food products and others	**36,593**	40,370
	449,442	471,173

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. Accounting policies for revenue recognition are disclosed in note 2 to the consolidated financial statements.

5. OTHER REVENUE AND OTHER (LOSSES)/GAINS, NET

(a) Other revenue

	2020 RMB'000	2019 RMB'000
Interest income	980	2,051
Sundry income	260	168
	1,240	2,219

(b) Other (losses)/gains, net

	2020 RMB'000	2019 RMB'000
Exchange gain, net	–	15
Fair value change in derivative financial liability	–	248
Loss on disposal of a subsidiary (Note 34)	(502)	–
Reversal of impairment losses under expected credit loss model, net (Note 35(a))	95	1,002
	(407)	1,265

6. LOSS BEFORE TAXATION

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

	2020 RMB'000	2019 RMB'000
(a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible notes	**19,081**	22,989
– interest on bank borrowings	**15,372**	23,077
Interest on lease liabilities	**45,238**	–
	79,691	46,066
(b) Staff costs		
Employee benefits expenses (including Directors' emoluments):		
Salaries, wages and other benefits	**26,728**	29,940
Contributions to defined contribution retirement plans	**1,304**	1,313
	28,032	31,253
(c) Other items		
Amortisation of interests in leasehold land held for own use under operating leases	**–**	3,038
Amortisation of long-term prepaid rentals	**–**	36,704
Depreciation of property, plant and equipment	**89,912**	102,680
Depreciation of right-of-use assets	**49,646**	–
Operating lease charges: minimum lease payment		
– property rentals	**–**	821
Expenses relating to short-term leases	**539**	–
Auditors' remuneration		
– audit services	**1,431**	1,374
– non-audit services	**9**	9
Cost of inventories sold	**407,163**	461,608
(Gain)/loss on disposal of property, plant and equipment	**(60)**	700

7. INCOME TAX

	2020 RMB'000	2019 RMB'000
Current tax – Enterprise income tax in the PRC		
– Provision for the year	–	–
Deferred tax		
Origination and reversal of temporary differences (Note 28)	–	–
Total income tax expenses recognised in profit or loss	–	–

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 2020 and 2019 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)

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follow:

	2020		2019	
	RMB'000	**%**	RMB'000	%
Loss before taxation	**(846,398)**		(645,071)	
Notional tax on loss before taxation, calculated at rates applicable to loss in the countries concerned	**(208,805)**	**(24.6)**	(157,832)	(24.5)
Tax effect of operating loss of Group companies not subject to income tax	**5,424**	**0.6**	6,181	1.0
Tax effect of share of loss of an associate	**–**	**–**	585	0.1
Tax effect of share of loss of a joint venture	**33**	**–**	23	–
Tax effect of non-taxable income	**(2,316)**	**(0.3)**	(2,190)	(0.3)
Tax effect of unused tax losses not recognised	**69,152**	**8.2**	60,014	9.3
Tax effect of non-deductible expenses	**136,512**	**16.1**	93,219	14.5
	–	**–**	–	–

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 2020				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director					
Sun Shao Feng	–	6,050	8	504	6,562
Executive directors					
Wang Jinhuo	–	871	6	72	949
Liu Yuk Ming (appointed on 13 August 2019 and retired on 18 October 2019)	–	100	–	–	100
Shum Wan Wah, Walter (appointed on 13 August 2019 and retired on 18 October 2019)	–	100	–	–	100
Independent non-executive directors					
Hu Ji Rong	109	–	–	9	118
Wei Xiongwen	109	–	–	9	118
Guo Zebin	109	–	–	9	118
	327	7,121	14	603	8,065

8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2019				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director					
Sun Shao Feng	–	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

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the years ended 30 April 2020 and 2019.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individuals

Of the five individuals with highest emoluments, two (2019: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2019: three) individuals are as follows:

	2020	2019
	RMB'000	RMB'000
Salaries and other emoluments	**1,840**	2,249
Discretionary bonuses	**84**	187
Retirement scheme contributions	**25**	39
	1,949	2,475

The number of the highest paid employees who are not directors of the Company whose remuneration fee within the following band is as follows:

	Number of individuals	
	2020	2019
HK$		
Nil-1,000,000	**2**	2
1,000,001-1,500,000	**1**	–
1,500,001-2,000,000	**–**	1
	3	3

There were no amounts paid to any of the highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2020 and 2019.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2020 (2019: 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

	2020 **RMB'000**	2019 RMB'000
Loss attributable to owners of the Company used to determine basic and diluted loss per share	**(846,398)**	(645,071)

(ii) Number of shares

	2020	2019
Weighted average number of ordinary shares for calculation of basic and diluted loss per share	**365,158,370**	353,738,669

(b) Diluted loss per share

Diluted loss per share for the years ended 30 April 2020 and 2019 was the same as the basic loss per share.

For the years ended 30 April 2020 and 2019, the computation of diluted loss per share did not assume exercise of outstanding share options during the years ended 30 April 2020 and 2019 since the effect of such exercise was anti-dilutive.

For the years ended 30 April 2020 and 2019, 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.

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 2020, the Group's retirement plan contributions amounted to approximately RMB1,304,000 (2019: RMB1,313,000).

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 2020 and 2019 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	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Revenue from external customers	**412,849**	430,803	**36,593**	40,370	**449,442**	471,173
Inter-segment revenue	**10,161**	9,685	**–**	–	**10,161**	9,685
Reportable segment revenue	**423,010**	440,488	**36,593**	40,370	**459,603**	480,858
Reportable segment loss	**(633,045)**	(433,168)	**(23,248)**	(22,030)	**(656,293)**	(455,198)
Interest income	**855**	1,304	**7**	4	**862**	1,308
Depreciation and amortisation	**126,113**	127,628	**603**	1,573	**126,716**	129,201
Income tax	**–**	–	**–**	–	**–**	–
Reportable segment assets	**1,200,763**	1,576,993	**5,421**	33,081	**1,206,184**	1,610,074
Gain arising from changes in fair value less costs to sell of biological assets	**8,225**	6,698	**–**	–	**8,225**	6,698
Finance costs	**45,238**	2,476	**–**	507	**45,238**	2,983
Impairment loss on property, plant and equipment	**166,552**	209,606	**–**	–	**166,552**	209,606
Impairment loss on long-term prepaid rentals	**–**	162,826	**–**	–	**–**	162,826
Impairment loss on right-of-use assets	**379,496**	–	**–**	–	**379,496**	–
Capital expenditure (Note)	**379**	5,180	**179**	174	**558**	5,354
(Gain)/loss on disposal of property, plant and equipment	**(60)**	581	**–**	119	**(60)**	700
Share of loss of investment in a joint venture	**133**	94	**–**	–	**133**	94
Reversal of impairment losses under expected credit loss model, net	**59**	17	**29**	4	**88**	21
Reportable segment liabilities	**533,048**	16,581	**1,394**	4,187	**534,442**	20,768

Note: Capital expenditure consists of additions to property, plant and equipment during the year.

13. SEGMENT REPORTING (continued)

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

	2020 **RMB'000**	2019 RMB'000
Revenue		
Reportable segment revenue	**459,603**	480,858
Elimination of inter-segment revenue	**(10,161)**	(9,685)
Consolidated revenue	**449,442**	471,173
Profit or loss		
Reportable segment loss derived from Group's external customers	**(656,293)**	(455,198)
Finance costs	**(34,453)**	(43,083)
Finance income	**118**	742
Other revenue and gain	**–**	183
Share of loss of investment in an associate	**–**	(3,545)
Reversal of impairment losses under expected credit loss model, net	**7**	981
Unallocated depreciation and amortisation	**(12,842)**	(13,221)
Unallocated head office and corporate expenses	**(142,935)**	(132,178)
Fair value change in derivative financial liability	**–**	248
Consolidated loss before taxation	**(846,398)**	(645,071)

13. SEGMENT REPORTING (continued)

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

	2020 RMB'000	2019 RMB'000
Assets		
Reportable segment assets	**1,206,184**	1,610,074
Unallocated head office and corporate assets:		
– Fixed assets	**139,849**	152,679
– Pledge bank deposits	**6,750**	1,982
– Cash and cash equivalents	**31,233**	2,564
– Other assets	**14,862**	36,538
Consolidated total assets	**1,398,878**	1,803,837
Liabilities		
Reportable segment liabilities	**534,442**	20,768
Convertible notes	**–**	155,029
Deferred tax liabilities	**69,081**	69,581
Bank borrowings	**165,000**	260,000
Unallocated head office and corporate liabilities	**265,616**	73,541
Consolidated total liabilities	**1,034,139**	578,919

(c) Geographical information

During the years ended 30 April 2020 and 2019, 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 2020 and 2019. No analysis of the Group's result and assets by geographical area is disclosed.

(d) Information about major customers

During the years end 30 April 2020 and 2019, none of the individual customer accounted for 10% or more of the Group's external revenue.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 (Note i)	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 RMB'000 (Note ii)	Total RMB'000
Cost								
At 30 April 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 and 1 May 2019	471,992	1,880,330	97,326	450,244	26,291	8,017	123,024	3,057,224
Exchange realignment	–	–	–	–	35	–	–	35
Additions	176	–	–	54	14	–	328	572
Disposal	–	–	–	(102)	–	–	–	(102)
Disposal of a subsidiary (Note 34)	(2,963)	–	–	(12,008)	(78)	(8)	(7,907)	(22,964)
Transfer	–	85	–	–	–	–	(85)	–
At 30 April 2020	469,205	1,880,415	97,326	438,188	26,262	8,009	115,360	3,034,765
Accumulated depreciation and impairment loss:								
At 30 April 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 (Note 16)	16	209,433	–	17	100	–	40	209,606
At 30 April 2019 and 1 May 2019	288,664	1,390,358	93,510	400,281	22,831	7,313	107,047	2,310,004
Exchange realignment	–	–	–	–	28	–	–	28
Charge for the year	15,247	53,062	3,816	17,237	233	317	–	89,912
Disposal	–	–	–	(47)	–	–	–	(47)
Disposal of a subsidiary (Notes 34)	(2,432)	–	–	(11,866)	(73)	(8)	(5,369)	(19,748)
Impairment loss recognised in profit or loss (Note 16)	15	166,393	–	17	94	–	33	166,552
At 30 April 2020	301,494	1,609,813	97,326	405,622	23,113	7,622	101,711	2,546,701
Carrying amount:								
At 30 April 2020	**167,711**	**270,602**	**–**	**32,566**	**3,149**	**387**	**13,649**	**488,064**
At 30 April 2019	183,328	489,972	3,816	49,963	3,460	704	15,977	747,220

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:

	2020	2019
	RMB'000	RMB'000
Cost of machinery pending installation	**528**	2,243
Infrastructure	**13,121**	13,734
	13,649	15,977

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 at the right-of-use assets of leasehold lands in Note 15.

(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 2020 and 2019. The Group carried out a review of the recoverable amount that the property, plant and equipment. Please refer to Note 16 for details.

During the year, the impairment loss recognised on property, plant and equipment of approximately RMB166,552,000 (2019: RMB209,606,000) 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 RMB80,353,000 (2019: RMB85,561,000) have been pledged to secure banking facilities granted to the Group.

15. RIGHT-OF-USE ASSETS/INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES/LONG-TERM PREPAID RENTALS

Right-of-use assets:

	Leasehold lands RMB'000	Land related to agricultural activities RMB'000	Total RMB'000
Cost			
At 1 May 2019 (Note 3)	217,466	2,036,290	2,253,756
Disposal of a subsidiary (Note 34)	(2,505)	–	(2,505)
At 30 April 2020	214,961	2,036,290	2,251,251
Accumulated depreciation			
At 1 May 2019 (Note 3)	100,334	1,094,100	1,194,434
Charge for the year	3,038	46,608	49,646
Impairment loss recognised in profit or loss (Note 16)	–	379,496	379,496
Disposal of a subsidiary (Note 34)	(1,122)	–	(1,122)
At 30 April 2020	102,250	1,520,204	1,622,454
Net carrying amount			
At 30 April 2020	**112,711**	**516,086**	**628,797**
At 1 May 2019 (restated)	117,132	942,190	1,059,322

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

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 2020 and 2019, the Group carried out a review of the recoverable amount. Please refer to Note 16 for details.

The impairment loss recognised on right-of-use assets of approximately RMB379,496,000 which are located in the PRC. The impairment loss has been included in the consolidated statement of profit or loss and other comprehensive income.

Upon initial application of HKFRS 16, the interests in leasehold land held for own use under operating lease and long-term prepaid rentals were classified as right-of-use assets.

15. RIGHT-OF-USE ASSETS/INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES/LONG-TERM PREPAID RENTALS (continued)

Right-of-use assets: (continued)

Interests in leasehold land held for own use under operating leases:

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

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

15. RIGHT-OF-USE ASSETS/INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES/LONG-TERM PREPAID RENTALS (continued)

Right-of-use assets: (continued)

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 RMB'000
Cost:	
At 1 May	1,565,632
Accumulated amortisation and impairment loss:	
At 1 May	894,570
Amortisation for the year	36,704
Impairment loss recognised in profit or loss	162,826
At 30 April	1,094,100
Carrying amount:	
At 30 April	471,532

Analysis of long-term prepaid rentals is as follow:

	2019 RMB'000
Non-current portion	446,755
Current portion	24,777
Carrying amount at 30 April	471,532

16. 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 2020 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 11.56% (2019: 12.93%) and 3% (2019: 3%) respectively for the years ended 30 April 2020. 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 2020. 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 2020 and 2019 are as follows:

Major cultivation bases	Key measurement inputs	2020	2019
Baicheng City	Selling price of Product A	**RMB1,770/ton**	RMB1,500/ton
	Per mu yield by kilogram ("kg") of Product A per year	**900 kg/mu**	703 kg/mu
	Selling price of Product B	**RMB10,710/ton**	RMB7,800/ton
	Per mu yield kilogram ("kg") of Product B per year	**170 kg/mu**	135 kg/mu
	Selling price of Product C	**RMB7,750/ton**	RMB7,100/ton
	Per mu yield kilogram ("kg") of Product C per year	**220 kg/mu**	180 kg/mu
	Selling price of Product D	**RMB3,280/ton**	RMB3,200/ton
	Per mu yield kilogram ("kg") of Product D per year	**620 kg/mu**	511 kg/mu
	Selling price of Product E	**RMB5,450/ton**	RMB3,000/ton
	Per mu yield kilogram ("kg") of Product E per year	**300 kg/mu**	216 kg/mu

16. 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% (2019: 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 2020.

(ii) The production volume forecast is based on the actual figure for the year ended 30 April 2020 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 2020, 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 selling prices of the fresh produce are based on the prevailing selling price of the fresh produce of the CGU;

(b) 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;

(c) 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;

(d) The availability of finance will not be a constraint on the development of the CGU in accordance with the business plans and the projections;

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

(f) The unaudited financial statements of the CGU as supplied to us have been prepared in a manner which truly and accurately reflect the financial performances and positions of the CGU as at the respective financial statement dates;

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

16. IMPAIRMENT TESTING ON CASH GENERATING UNIT (continued)

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

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

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

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

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

	2020 **RMB'000**	2019 RMB'000
Property, plant and machinery (Note 14)	**166,552**	209,606
Long-term prepaid rentals (Note 15)	**–**	162,826
Right-of-use assets (Note 15)	**379,496**	–
	546,048	372,432

17. INVESTMENT IN AN ASSOCIATE

	2020 RMB'000	2019 RMB'000
Cost of investment in an associate	**30,611**	30,611
Share of post-acquisition loss	**(8,535)**	(8,535)
Share of other comprehensive loss	**(251)**	(251)
	21,825	21,825
Accumulated impairment loss recognised	**(21,825)**	(21,825)
At 30 April	**–**	–

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 2020	Proportions of ownership interest held by the Group 2019	Principal activities of the entity and its subsidiaries
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

17. INVESTMENT IN AN ASSOCIATE (continued)

Summarised financial information in respect of the Group's associates which are accounted for using the equity method in these consolidated financial statements is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	2020 RMB'000	2019 RMB'000
Non-current assets	**32,261**	38,453
Current assets	**8,126**	32,750
Current liabilities	**(46,156)**	(68,104)
Net (liabilities)/assets	**(5,769)**	3,099
Revenue	**59,671**	157,171
Loss for the year	**(8,901)**	(24,797)
Other comprehensive loss for the year	**33**	1,723
Total comprehensive loss for the year	**(8,868)**	(23,074)

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

	2020 RMB'000	2019 RMB'000
Net (liabilities)/asset of the associate	**(5,769)**	3,099
Proportion of the Group's ownership interest in the associate	**36%**	36%
The Group's share of net (liabilities)/assets of the associate	**(2,076)**	1,116
Unrecognised share of total comprehensive loss of the associate	**8,172**	4,980
Goodwill	**15,729**	15,729
Accumulated impairment loss recognised	**(21,825)**	(21,825)
	–*	–*

Note:

*: Due to the current amount of the investment of an associate was reduced to zero, additional losses are recognised by a provision only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. As at the end of reporting date, the Directors are not aware any legal or constructive obligations or made payments on behalf of the associate.

17. INVESTMENT IN AN ASSOCIATE (continued)

Unrecognised share of loss of associate

	2020	2019
	RMB'000	RMB'000
The unrecognised share of loss of an associate for the year	**(3,205)**	(5,382)
Accumulated unrecognised share of loss of an associate	**(8,587)**	(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 10.97% (2019: 11.95%) 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% (2019: 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;

17. 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.

18. 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
			2020	2019	
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:

	2020 **RMB'000**	2019 RMB'000
Cost of investment in Joint Venture	**780**	780
Share of post-acquisition loss	**(227)**	(94)
At 30 April	**553**	686

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 **RMB'000**	2019 RMB'000
Listed investments:		
Equity securities listed in Hong Kong (Note a)	**–**	1,698
Unlisted investments:		
Equity securities unlisted in Hong Kong (Note b)	**2,921**	2,751
	2,921	4,449

Note:

(a) During the year ended 30 April 2020, the financial assets at fair value through other comprehensive income was disposed and recognised as net loss on fair value change of approximately RMB144,000 (2019: approximately RMB5,542,000) in the consolidated statement of other comprehensive income.

(b) During the year ended 30 April 2020, the financial assets at fair value through other comprehensive income was recognised as loss on fair value change of approximately RMBnil (2019: gain on fair value change of approximately RMB959,000) in the consolidated statement of other comprehensive income.

20. INVENTORIES

Inventories represent the following:

	Note	**2020** **RMB'000**	2019 RMB'000
Raw materials	(i)	**2,094**	657
Agricultural materials	(ii)	**119**	279
Finished goods		**1,921**	3,363
		4,134	4,299

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.

21. BIOLOGICAL ASSETS

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

	2020 **RMB'000**	2019 RMB'000
At 1 May	**13,732**	11,112
Loss arising from changes in fair value less costs to sell	**(70,160)**	(69,112)
Increase due to plantation	**214,734**	212,698
Decrease due to harvest	**(143,566)**	(140,966)
At 30 April	**14,740**	13,732

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

	2020 **RMB'000**	2019 RMB'000
Vegetables	**12,820**	10,181
Rice	**–**	156
Fruit	**1,920**	3,395
	14,740	13,732

The physical quantity of vegetables, rice and fruit as at 30 April 2020 and 2019 are analysed as follows:

	2020 **Quantity** **(tons)**	2019 Quantity (tons)
Vegetables	**6,450**	6,142
Rice	**–**	538
Fruit	**2,798**	2,711
	9,248	9,391

21. BIOLOGICAL ASSETS (continued)

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

	2020 **RMB'000**	2019 RMB'000
At fair value less costs to sell	**14,740**	13,732

Vegetables, rice and fruit were stated at fair value less costs to sell as at 30 April 2020 and 2019. 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:

	2020		2019	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable	**97,098**	**141,802**	89,553	131,173
Rice	**–**	**–**	4,368	6,253
Fruit	**2,798**	**1,764**	2,711	3,540
	99,896	**143,566**	96,632	140,966

The Qualification of Valuer

The Group's biological assets were valued by independent professional valuer as at 30 April 2020 (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.

21. 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 (Effective 31 January 2020) published by International Valuation Standards Council, where applicable.

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 11.56% (2019: 13.04%).

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 2020.

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.

21. 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 44.7% (2019: 45.0%) 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.

22. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Current assets:		
Trade receivables	**1,332**	7,686
Less: allowance for impairment of trade receivables	**(18)**	(97)
	1,314	7,589
Other receivables	**1,364**	1,930
Less: allowance for impairment of other receivables	**(268)**	(284)
	1,096	1,646
Total trade and other receivables	**2,410**	9,235
Rental and other deposits	**85**	448
Interest in leasehold land held for own use under operating leases	**–**	3,038
Prepayments		
– to suppliers	**130,318**	37,680
– to others	**61,016**	41,753
Value added tax recoverable	**14,400**	14,667
	208,229	106,821

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. There were five customers who represent more than 5% of the total balance of trade receivables for the year 2020 (2019: Five).

22. TRADE AND OTHER RECEIVABLES (continued)

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

	2020 RMB'000	2019 RMB'000
Within 1 month	**78**	5,009
Over 1 month but within 3 months	**33**	2,358
Over 3 months but within 6 months	**1,203**	222
	1,314	7,589

Trade receivables are normally due within 30 days (2019: 30 days) from the date of billing. The ageing analysis of trade receivables presented based on the invoices date at the report date.

Details of impairment assessment of trade and other receivables for the years ended 30 April 2020 and 2019 are set out in Note 35(a).

23. PLEDGED BANK DEPOSITS

The pledged bank deposits did not carry any interest rate (2019: did not carry any interest rate) per annum. Pledged bank deposits represent deposits pledged to banks to secure banking facilities and letters of credit (2019: secure banking facilities and letters of credit) to the Group. As at 30 April 2020, approximately RMB6,750,000 (2019: RMB1,982,000) bank deposits were pledged for bank borrowings with maturity within one year.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

Included in the cash and bank balances and pledged bank deposits at the end of the reporting period were amounts of approximately RMB51,377,000 (2019: approximately RMB339,701,000) 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.

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

	Notes	2020 RMB'000	2019 RMB'000
Operating activities			
Loss before taxation		**(846,398)**	(645,071)
Adjustments for:			
Amortisation of interests in leasehold land held for own use under operating leases	15	**–**	3,038
Amortisation of long-term prepaid rentals	15	**–**	36,704
Depreciation of property, plant and equipment	14	**89,912**	102,680
Depreciation of right-of-use assets	15	**49,646**	–
(Gain)/loss on disposal of property, plant and equipment	6	**(60)**	700
Loss on disposal of a subsidiary	34	**502**	–
Gain arising from changes in fair values less costs to sell of biological assets		**(8,225)**	(6,698)
Impairment loss on property, plant and equipment	14	**166,552**	209,606
Impairment loss on right-of-use assets	15	**379,496**	–
Impairment loss on long-term prepaid rentals	15	**–**	162,826
Reversal of impairment of financial assets at amortised costs		**(95)**	(1,002)
Share of loss of investment in an associate	17	**–**	3,545
Share of loss of investment in a joint venture	18	**133**	94
Interest income		**(980)**	(2,051)
Interest expenses		**79,691**	46,066
Fair value change in derivative financial liability	29	**–**	(248)

24. CASH AND CASH EQUIVALENTS (continued)

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

	Notes	2020 RMB'000	2019 RMB'000
Exchange gain, net	5(b)	–	(15)
		(89,826)	(89,826)
Change in working capital:			
Decrease in inventories		**165**	1,357
Decrease in biological assets		**7,217**	4,078
(Increase)/decrease in trade and other receivables		**(104,553)**	61,608
Decrease in financial assets at other comprehensive income		**1,771**	1,695
Increase/(decrease) in trade and other payables		**5,216**	(34,374)
Increase in amount due to a shareholder		–	1,343
Cash used in operations		**(180,010)**	(54,119)

24. CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RMB'000	Convertible notes RMB'000	Lease liabilities RMB'000	Other payable RMB'000	Total RMB'000
At 1 May 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
Impact on adoption of HKFRS 16 (Note 3)	–	–	470,658	–	470,658
As at 1 May 2019	260,000	155,029	470,658	–	885,687
Change in financing cash flows:					
Repayment in bank borrowings	(540,000)	–	–	–	(540,000)
Proceeds from bank borrowings	445,000	–	–	–	445,000
Interest paid	(15,372)	–	–	–	(15,372)
Total changes in financing cash flows	(110,372)	–	–	–	(110,372)
Exchange alignment	–	9,714	–	–	9,714
Other changes:					
Interest expenses	15,372	–	45,238	10,657	71,267
Imputed interest for the year	–	8,424	–	–	8,424
Convertible notes was matured and reclassify as other payable	–	(173,167)	–	173,167	–
Total other changes	15,372	(164,743)	45,238	183,824	79,691
At 30 April 2020	165,000	–	515,896	183,824	864,720

25. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	**1,606**	7,688
Accrued salaries and wages	**1,456**	1,527
Other accruals and payables (note a)	**80,973**	58,746
Convertible Note 2019 (note b)	**173,167**	–
Financial liabilities measured at amortisation cost	**257,202**	67,961
Other taxes payable	**190**	99
	257,392	68,060

Note:

(a). As at 30 April 2020, other accruals and payables included payments related to the disposal of beverage business operations and default interest for convertible notes of approximately RMB40,955,000 and RMB14,546,000. (2019: RMB38,575,000 and RMBnil)

(b). As at 30 April 2020, the convertible note with principal amount of HK$190,000,000 (equivalents to approximately RMB173,167,000) was matured on 22 August 2019 and reclassify as other payable and bear the default interest rate of 12.0% per annum.

Included in trade and other payables are trade payables with the following ageing analysis presented based on the invoice date as of the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Within 1 month	**11**	3,909
Over 1 month but within 3 months	**268**	3,539
Over 3 months but within 6 months	**77**	5
Over 6 months but within 1 year	**1,250**	235
	1,606	7,688

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

26. BANK BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank loans	**165,000**	260,000
Secured	**165,000**	260,000
Unsecured	**–**	–
	165,000	260,000
– Within one year	**165,000**	260,000
– More than one year, but not exceeding two years	**–**	–
	165,000	260,000
Less: Amounts shown under current liabilities	**(165,000)**	(260,000)
	–	–

Notes:

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

	2020	2019
Effective interest rate:		
Variable-rate borrowings	**4.9%**	5.9%

(b) As at 30 April 2020, bank deposits amounting to approximately RMB6,750,000 (2019: RMB1,982,000) 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 RMB80,353,000 (2019: RMB85,561,000) had been pledged to secure the Group's bank loans for the purpose of working capital.

27. LEASE LIABILITIES

	2020 RMB'000
Analysed as	
– Current	**49,591**
– Non-current	**466,305**
	515,896
Minimum lease payments due	
– Within one year	**–**
– More than one year but not more than two years	**125,000**
– More than two years but not later than five years	**380,000**
– More than five years	**600,000**
	1,105,000
Less: Future finance charges	**(589,104)**
Present value of lease liabilities	**515,896**

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 May 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 30 April 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 3.

28. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Undistributed profits of foreign controlled entities RMB'000
Deferred tax arising from:	
At 1 May 2018, 30 April 2019 and 1 May 2019	69,581
Disposal of a subsidiary (note 34)	(500)
At 30 April 2020	69,081

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 2020, deferred tax liabilities of approximately RMB69,081,000 (2019: 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 RMB116,514,000 (2019: RMB119,634,000) 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.

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 RMB1,013,354,000 (2019: RMB1,706,697,000) as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under the current tax legislation.

29. CONVERTIBLE NOTES

Convertible Notes 2019 – 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, 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 32(b)(i)(iii)); 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

29. CONVERTIBLE NOTES (continued)

Convertible Notes 2019 – 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 2018	124,141
Imputed interest charge	22,989
Exchange alignment	7,899
At 30 April 2019 and 1 May 2019	155,029
Imputed interest charge	8,424
Exchange alignment	9,714
Less: convertible notes was matured and reclassify as other payable	(173,167)
At 30 April 2020	–

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 2020 amounted to approximately RMB173,167,000 (2019: RMB157,043,000).

The Convertible Note 2019 with principal amount of HK$190,000,000 (equivalents to approximately RMB173,167,000) was matured on 22 August 2019 and together of the accrued interest RMB16,849,000 (equivalents to HK$18,457,000) was not paid as at 30 April 2020 and reclassify as other payable which set out in Note 25 to the consolidated financial statements.

Derivative financial liability component:

	Redemption option held by the Group RMB'000	**Conversion option** RMB'000	**Total** RMB'000
At 1 May 2018	(941)	1,174	233
Fair value change	1,004	(1,252)	(248)
Exchange alignment	(63)	78	15
At 30 April 2019 and 1 May 2019 and 30 April 2020	–	–	–

30. 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.

31. 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.

32. CAPITAL AND RESERVES

(a) Reserves of the Company

	Share premium RMB'000	Share-based payment reserve RMB'000	Contribution surplus RMB'000	Financial assets at fair value through other comprehensive income reserve RMB'000	Exchange reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
As at 30 April 2018	1,153,451	10,950	925,834	–	(106,973)	(1,017,456)	965,806
Exchange differences on translation of financial statements	–	–	–	–	(9,376)	–	(9,376)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(3,269)	–	–	(3,269)
Loss for the year	–	–	–	–	–	(203,763)	(203,763)
Total comprehensive loss for the year	–	–	–	(3,269)	(9,376)	(203,763)	(216,408)
Issue of new shares	2,229	–	–	–	–	–	2,229
Transaction cost of share consolidation	(135)	–	–	–	–	–	(135)
As at 30 April 2019	1,155,545	10,950	925,834	(3,269)	(116,349)	(1,221,219)	751,492
Exchange differences on translation of financial statements	–	–	–	–	(11,282)	–	(11,282)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(144)	–	–	(144)
Loss for the year	–	–	–	–	–	(1,203,055)	(1,203,055)
Total comprehensive loss for the year	–	–	–	(144)	(11,282)	(1,203,055)	(1,214,481)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	3,413	–	(3,413)	–
As at 30 April 2020	1,155,545	10,950	925,834	–	(127,631)	(2,427,687)	(462,989)

(b) Share Capital

(i) Authorised and issued share capital

	Number of Shares '000	Nominal value HK$'000	RMB equivalent RMB'000
At 1 May 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, 1 May 2019 and 30 April 2020, ordinary shares of HK$0.2 each	5,000,000	1,000,000	843,098
Issued and fully paid:			
At 1 May 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, 1 May 2019 and 30 April 2020, ordinary shares of HK$0.2 each	365,158	73,032	62,247

32. 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.

32. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) PRC statutory reserve

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

(iii) Merger reserve

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

(iv) Contribution surplus

Contribution surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired by the Company through an exchange of shares pursuant to the group reorganisation prior to the listing of the Company's shares on 13 January 2004. The application of the Company's contributed surplus is governed by the Bermuda Companies Act 1981. Under the Bermuda Companies Act 1981, the contribution surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contribution surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(v) 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.

32. CAPITAL AND RESERVES (continued)

(d) Distributability of reserves

The Company's contributed surplus in the amount of RMB1,220,238,000 (2019: 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 2020, the reserves of the Company were not available for distribution. In addition, the Company's share premium account, in the amount of approximately RMB1,155,545,000 at 30 April 2020 (2019: RMB1,155,545,000), 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, lease liabilities and convertible notes) plus un-accrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity.

32. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

During the years ended 30 April 2019 and 2020, 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 2020 and 2019 was as follows:

	Notes	2020 RMB'000	2019 RMB'000
Trade and other payables	25	**257,392**	68,060
Bank borrowings	26	**165,000**	260,000
Lease liabilities	27	**515,896**	–
Convertible bonds/notes	29	**–**	155,029
Total debt		**938,288**	483,089
Less: Cash and cash equivalents	24	**(44,690)**	(339,022)
Net cash and cash equivalents after deducting total debt		**893,598**	144,067
Total equity		**364,739**	1,224,918
Adjusted net debt-to-equity ratio		**2,450**	0.118

33. 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.

   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.

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.

33. 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 years ended 30 April 2020 and 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 2018	Adjustment due to the share consolidation at 31 November 2018	Outstanding as at 1 May 2019	Granted during the year	Outstanding as at 30 April 2020
Directors	18 January 2018	18 January 2018 to 17 January 2028	0.032	0.64	133,000,000	(126,350,000)	6,650,000	–	6,650,000
Employees	18 January 2018	18 January 2018 to 17 January 2028	0.032	0.64	561,228,507	(533,167,082)	28,061,425	–	28,061,425
Total					694,228,507	(659,517,082)	34,711,425	–	34,711,425

Category of participants	Date of grant of share option	Exercise period	Exercise price (HK$)	Adjusted exercise price (HK$)	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	(126,350,000)	6,650,000
Employees	18 January 2018	18 January 2018 to 17 January 2028	0.032	0.64	561,228,507	(533,167,082)	28,061,425
Total					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 (2019: 69,422,850), representing approximately 19.01% of the issued shares of the Company in issue as at the date of this report.

33. 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 2020.

	2020
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.

34. DISPOSAL OF SUBSIDIARY

On 22 November 2019, the wholly-owned subsidiary of the Group entered into an equity transfer agreement with the vendors for the disposal of 100% of the equity interest of Fengxin Zhonglu Biyun Organic Rice Science Technology Limited ("Fengxin") at total consideration of RMB3,800,000.

Summary of the effects of the disposal of Fengxin is as follows:

	As at 25 November 2019 (completion date) RMB'000
Net assets disposed of:	
Property, plant and equipment	3,216
Right-of-use assets	1,383
Tax recoverable	202
Cash and cash equivalents	1
Deferred tax liabilities	(500)
	4,302

	RMB'000
Loss on disposal of subsidiary:	
Total consideration	3,800
Net assets disposed of	(4,302)
Loss on disposal of a subsidiary	(502)

	RMB'000
Net cash inflow on disposal of Fengxin:	
Consideration received in cash and cash equivalent for disposal of Fengxin	3,800
Less: cash and cash equivalent balances disposed of	(1)
Net cash inflow	3,799

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at fair value through other comprehensive income	–	4,449
At amortised cost:		
– Trade and other receivables	2,495	9,683
– Pledge bank deposits	6,750	1,982
– Cash and cash equivalents	44,690	339,022
	53,935	350,687

	2020 RMB'000	2019 RMB'000
Financial liabilities		
At amortised costs:		
– Trade and other payables	257,392	67,961
– Convertible bonds/notes	–	155,029
– Amount due to a director	7,540	7,102
– Amount due to a shareholder	1,426	1,343
– Bank borrowings	165,000	260,000
– Lease liabilities	515,896	–
	947,254	491,435

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.

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 2020 and 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 12 month ECL or 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.

The Group did not have concentration of credit risk in certain individual customers. As at 30 April 2020 and 2019 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 2020.

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 2020, the provision for impairment of the trade and other receivables was approximately RMB286,000 (2019: RMB381,000) based on expected loss rates up to 34.46% (2019: 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 2020 and 2019:

As at 30 April 2020

	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Trade receivables, gross	**1,332**	**–**	**–**	**1,332**
Loss allowance	**(18)**	**–**	**–**	**(18)**
Trade receivables, net	**1,314**	**–**	**–**	**1,314**

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

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 2020 and 2019:

As at 30 April 2020

	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Other receivables, gross	**1,364**	**–**	**–**	**1,364**
Loss allowance	**(268)**	**–**	**–**	**(268)**
Other receivables, net	**1,096**	**–**	**–**	**1,096**

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

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 2020 reconcile to the opening loss allowances as follows:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 April 2018 – HKFRS 9	187	–	–	187
Reversal of loss allowance recognised in profit or loss, net	(90)	–	–	(90)
At 30 April 2019	97	–	–	97
Reversal of loss allowance recognised in profit or loss, net	(79)	–	–	(79)
At 30 April 2020 – HKFRS 9	18	–	–	18

The closing loss allowances for including other receivables as at 30 April 2020 reconcile to the opening loss allowances as follows:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 April 2019 – HKFRS 9	1,196	–	–	1,196
Reversal of loss allowance recognised in profit or loss, net	(912)	–	–	(912)
At 1 May 2019	284	–	–	284
Reversal of loss allowance recognised in profit or loss, net	(16)	–	–	(16)
At 30 April 2020 – HKFRS 9	268	–	–	268

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 22 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 2020 and 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)

2020

	Weighted average interest rate	Carrying amount at 30 April RMB'000	Total undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 years RMB'000
			Contractual undiscounted cash outflow				
Bank borrowings							
– variable rate	4.9%	165,000	168,227	168,227	–	–	–
Trade and other payables	12.0%	257,392	278,172	278,172	–	–	–
Amount due to a director		7,540	7,540	7,540	–	–	–
Amount due to a shareholder	12.0%	1,426	1,597	1,597	–	–	–
Lease liabilities	9.5%	515,896	1,105,000	–	125,000	380,000	600,000
		947,254	1,560,536	455,536	125,000	380,000	600,000

2019

	Weighted average interest rate	Carrying amount at 30 April RMB'000	Total undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000
			Contractual undiscounted cash outflow			
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	–	–

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 26 and 29 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 2020 would decrease/increase by approximately RMB825,000 (2019: RMB1,300,000).

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.

	2020 (expressed in RMB) USD '000
Cash and cash equivalents	**58**

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

During the year ended 30 April 2020, 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 RMB3,100 (2019: RMB64,050). 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 2019.

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).

2020

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
Biological assets	**–**	**14,740**	**–**	**14,740**
Financial assets at FVTOCI	**–**	**–**	**2,921**	**2,921**
	–	**14,740**	**2,921**	**17,661**

2019

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 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

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 2020 and 2019.

36. FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair value measurements

	Derivative financial liability RMB'000
At 1 May 2018	233
Addition	–
Fair value change in derivative financial liability	(248)
Exchange alignment	15
At 30 April 2019, 1 May 2019 and 30 April 2020	–

Inter-relationship between

Type	Valuation approach	Key measurement inputs 2020	Key measurement inputs 2019	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 3,235 mu of lotus root – planted 600 mu of watermelon	– planted 3,200 mu of lotus root – planted 650 mu of watermelon – planted 50 mu of peanuts – planted 400 mu of rice	The planted area increase, the fair value less costs to sell increase, and vice versa

37. STATEMENT OF THE COMPANY'S FINANCIAL POSITION

	2020 RMB'000	2019 RMB'000
Non-current assets		
Property, plant and equipment	**66**	129
Financial assets at fair value through other comprehensive income	**–**	1,698
Investments in subsidiaries	**268,483**	252,882
	268,549	254,709
Current assets		
Trade and other receivables	**83**	448
Amounts due from subsidiaries	**201,021**	1,349,552
Cash and cash equivalents	**44**	932
	201,148	1,350,932
Current liabilities		
Other payables	**247,589**	52,468
Amount due to a director	**7,540**	7,102
Amount due to a shareholder	**1,426**	1,343
Amounts due to subsidiaries	**613,884**	575,960
Convertible notes	**–**	155,029
	870,439	791,902
Net current (liabilities)/assets	**(669,291)**	559,030
Total assets less current liabilities	**(400,742)**	813,739

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

	2020	2019
	RMB'000	RMB'000
Net (liabilities)/assets	**(400,742)**	813,739
Capital and reserves		
Share capital	**62,247**	62,247
Reserves	**(462,989)**	751,492
Total equity attributable to owners of the Company	**(400,742)**	813,739

Approved and authorised for issue by the board of directors on 25 September 2020.

Sun Shao Feng
Director

Wang Jinhuo
Director

38. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 30 April 2020 are as follow:

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 (Jiangxi) Food Science Technique Limited (Note (i))	The PRC	HK$40,000,000	100%	–	100%	Sales of agricultural
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 (Hubei) Industry Development Limited (Note (i))	The PRC	RMB200,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Hubei Eco-sky Agricultural Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Growing, processing and sales of agricultural products

38. INVESTMENTS IN SUBSIDIARIES (continued)

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

Operating lease commitments

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

	2019 RMB'000
Within one year	634
After one year but within five years	505,000
After five years	600,000
Total	1,105,634

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 2020 and 2019, 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:

	2020 **RMB'000**	2019 RMB'000
Short-term employee benefits	**8,074**	8,093
Post-employment benefits	**25**	88
	8,099	8,181

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

41. 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, right-of-use assets interests in leasehold land held for own use under operating leases, long-term prepaid rentals, 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 and right-of-use assets are depreciated on a straight-line basis over the estimated useful lives of the assets and the lease terms of the lease, 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.

41. 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) 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. EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in January 2020 has become a pandemic and various anti-pandemic measures for the prevention and control of COVID-19 have been implemented nationally and worldwide. This has resulted in restrictions and lock-down regarding travel and business activities implemented by governments on a preventative basis and has a certain impact on business operations with customers' demand for the Group's products declines, which will directly affect the Group's performance. The domestic consumer market is expected to face a severe downward trend, and the economy will face hits and challenges in the short term. However, it is believed that the long-term positive development trend of China's overall economy will continue. Under the new situation, it is expected that the government will take further steps to stabilize growth, promote development, and turn crisis into opportunities. As of the date of this report, it is not yet feasible to estimate the financial impact. The Group will continue to monitor the development of COVID-19, assess its impact on the state of affairs and operating results of the Group, and respond proactively.

43. 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. On 12 March 2020, the Plaintiffs filed their Reply to the Company's Amended Defence and further filed their Re-Re-Amended Statement of Claim on 6 July 2020. 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.

43. LITIGATION (continued)

HCA 2922/2017 (continued)

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

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

In respect of the abovementioned action, it is the position of the Company that the Company was not involved in the alleged circular financing arrangement and that the loan of HK$190,000,000 from Convoy Collateral was lawfully and properly granted with reasonable terms. The Court is still in the process of dealing with the 26th Defendant's strike-out application, which is now before the Court of Appeal. The hearing of the appeal is to be heard on 13 January 2021. The Company has sought legal advice and will defend the claims vigorously.

In the opinion of the Directors, after taking into account the respective legal advices, as the action is still at an early stage, the Directors are not able to properly assess the probable outcome of the action and unable to estimate the ultimate liability or amount to be realised, particularly in light of nature of the Plaintiffs' claims.

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.

43. LITIGATION (continued)

HCMP 2773/2017 (continued)

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 July 2019. The Company however not aware of the results of the hearing in July 2019 and there has not been any further steps taken in these proceedings since July 2019.

In the opinion of the Directors, after taking into account the respective legal advices, as the action is still at an early stage, the Directors are not able to properly assess the probable outcome of the action and unable to estimate the ultimate liability or amount to be realised, particularly in light of nature of the Plaintiffs' claims.

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

HCA 399/2018

On 14 February 2018, the Company received a writ of summons issued in the Court by Convoy Collateral 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 then.

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.

43. LITIGATION (continued)

HCA 399/2018 (continued)

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.

In the opinion of the Directors, after taking into account the respective legal advices, as the action is still at an early stage, the Directors are not able to properly assess the probable outcome of the action and unable to estimate the ultimate liability or amount to be realised, particularly in light of nature of the Plaintiffs' claims.

Save as disclosed above, as at 30 April 2020, 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.

44. PLEDGED OF ASSETS

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

	2020 **RMB'000**	2019 RMB'000
Property, plant and equipment (Note 14)	**80,353**	85,561
Bank deposits (Note 23)	**6,750**	1,982
Total	**87,103**	87,543

45. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 September 2020.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 30 April				
	2016	2017	2018	2019	**2020**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	406,980	221,885	506,416	471,173	**449,442**
Gross profit/(loss)	57,367	(80,619)	67,243	9,565	**42,279**
Loss before taxation	(1,420,676)	(1,134,742)	(511,446)	(645,071)	**(846,398)**
Loss attributable to owners of the Company	(1,413,600)	(1,146,816)	(541,195)	(645,071)	**(846,398)**
Non-current assets	2,414,332	1,678,036	1,820,800	1,313,204	**1,120,335**
Current assets	2,495,050	1,741,732	699,644	490,633	**278,543**
Current liabilities	(1,610,269)	(809,628)	(445,495)	(509,338)	**(498,753)**
Non-current liabilities	(210,638)	(215,808)	(193,722)	(69,581)	**(535,386)**
Total equity attributable to owners of the Company	3,088,475	2,394,332	1,881,227	1,224,918	**364,739**
	(restated)	(restated)	(restated)		
Basic loss per share (RMB)	(0.065)	(0.108)	(1.56)	(1.82)	**(2.32)**