# 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)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 APRIL 2016

- While the disposal of the branded beverage business was completed during the year, FY2015/16 was a challenging and transformational year for the Company. However, the solid foundation of the Company is well placed for the future growth
- Turnover from continuing operations decreased by 21.9% from RMB521.1 million in FY2014/15 to RMB407.0 million in FY2015/16, driven by increase in revenue of fresh produce and processed products being offset by decrease in revenue of branded food products and others
- Gross profit and gross profit margin decreased from RMB94.3 million and 18.1% in FY2014/15 to RMB57.4 million and 14.1% in FY2015/16
- As at the date of the completion of the disposal of the branded beverage business, profit for the year from discontinued operations amounted to RMB452.5 million
- Loss from continuing operations and discontinued operations attributable to owners increased from RMB269.5 million in FY2014/15 to RMB961.1 million in FY2015/16

**FINANCIAL HIGHLIGHTS**
(RMB'000)

| | **2016** | 2015 |
|---|---|---|
| **Continuing Operations** | | |
| **Turnover** | **406,980** | 521,094 |
| – Fresh produce and processed products | **378,883** | 364,520 |
| – Branded food products and others | **28,097** | 156,574 |
| **Gross profit** | **57,367** | 94,304 |
| Gross Profit Margin | **14.1%** | 18.1% |
| **Discontinued operations** | | |
| Profit for the year from discontinued operations | **452,487** | 178,475 |
| **Continuing & Discontinued operations** | | |
| Loss for the year attributable to owners of the Company | **(961,113)** | (269,549) |
| Basic loss per share (RMB cents) (Restated) | **(88.47)** | (39.92) |

## RESULTS

The board (the "Board") of directors (the "Directors") of China Green (Holdings) Limited (formerly known as China Culiangwang Beverages Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2016 together with the comparative figures for the prior financial year as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 April 2016*

| | *Notes* | **2016** <br> ***RMB'000*** | 2015 <br> *RMB'000* |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Turnover** | 3 | **406,980** | 521,094 |
| Cost of sales | | **(349,613)** | (426,790) |
| **Gross profit** | | **57,367** | 94,304 |
| Other revenue | 4(a) | **13,723** | 14,915 |
| Other losses | 4(b) | **(123,657)** | (4,675) |
| (Loss)/gain arising from changes in fair value less costs to sell of biological assets | | **(5,073)** | 5,745 |
| Impairment loss on property, plant and equipment | | **(216,147)** | (38,994) |
| Impairment loss on long-term prepaid rentals | | **(402,163)** | (128,212) |
| Impairment loss on interest in leasehold land held for own use under operating leases | | **(28,151)** | (2,715) |
| Net gain/(loss) arising from changes in fair value of other financial liabilities | | **36,267** | (13,157) |
| Selling and distribution expenses | | **(17,084)** | (30,499) |
| General and administrative expenses | | **(617,308)** | (181,508) |
| Loss on disposal of a subsidiary | | **–** | (14,036) |
| **Loss from continuing operations** | | **(1,302,226)** | (298,832) |
| Finance costs | 5(a) | **(118,450)** | (150,656) |
| **Loss before taxation** | 5 | **(1,420,676)** | (449,488) |
| Income tax | 6 | **7,076** | 1,464 |
| **Loss for the year from continuing operations attributable to owners of the Company** | | **(1,413,600)** | (448,024) |
| **DISCONTINUED OPERATIONS** | | | |
| Profit for the year from discontinued operations attributable to owners of the Company | 7 | **452,487** | 178,475 |
| **Loss for the year attributable to owners of the Company** | | **(961,113)** | (269,549) |

| | Notes | **2016** *RMB'000* | 2015 *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 | | **(54,271)** | 1,872 |
| Reclassification adjustment relating to available-for-sale financial assets impairment | | **4,309** | – |
| Net loss arising on change in fair value of available for sale financial assets | | **–** | (4,309) |
| **Total comprehensive loss for the year attributable to owners of the Company** | | **(1,011,075)** | (271,986) |
| **Loss per share attributable to owners of the Company** | | | |
| **From continuing and discontinued operations** | | | |
| – Basic (restated) | 9 | **RMB(88.47) cents** | RMB(39.92) cents |
| – Diluted (restated) | | **RMB(88.47) cents** | RMB(39.92) cents |
| **From continuing operations** | | | |
| – Basic (restated) | 9 | **RMB(130.11) cents** | RMB(66.35) cents |
| – Diluted (restated) | | **RMB(130.11) cents** | RMB(66.35) cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 April 2016*

| | Notes | 2016 RMB'000 | 2015 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | | |
| – Property, plant and equipment | | **1,700,207** | 2,090,063 |
| – Interests in leasehold land held for own use under operating leases | | **122,600** | 156,275 |
| Long-term prepaid rentals | | **531,640** | 1,007,373 |
| Available-for-sale financial assets | | **59,885** | 42,818 |
| Pledged bank deposits | | **–** | 255,879 |
| | | **2,414,332** | 3,552,408 |
| **Current assets** | | | |
| Inventories | | **6,723** | 2,617 |
| Biological assets | | **12,000** | 21,640 |
| Current portion of long-term prepaid rentals | | **72,002** | 97,370 |
| Trade and other receivables | 11 | **152,673** | 76,023 |
| Financial assets at fair value through profit or loss | | **2,879** | – |
| Pledged bank deposits | | **287,231** | – |
| Cash and cash equivalents | | **1,961,542** | 141,715 |
| | | **2,495,050** | 339,365 |
| Assets classified as held for sale | 12 | **–** | 1,715,954 |
| | | **2,495,050** | 2,055,319 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **215,872** | 234,219 |
| Bank and other borrowings | 14 | **808,202** | 544,638 |
| Income tax payable | | **17,804** | 26,178 |
| Other financial liabilities | | **–** | 34,693 |
| Convertible bonds | | **568,391** | 665,085 |
| | | **1,610,269** | 1,504,813 |
| Liabilities directly associate with assets classified as held for sale | 12 | **–** | 17,937 |
| | | **1,610,269** | 1,522,750 |

| | Notes | **2016** *RMB'000* | 2015 *RMB'000* |
|---|---|---|---|
| **Net current assets** | | **884,781** | 532,569 |
| **Total assets less current liabilities** | | **3,299,113** | 4,084,977 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **70,638** | 78,420 |
| Bank and other borrowings | 14 | **140,000** | 517,166 |
| | | **210,638** | 595,586 |
| **Net assets** | | **3,088,475** | 3,489,391 |
| **Capital and reserves** | | | |
| Share capital | | **98,571** | 179,575 |
| Reserves | | **2,989,904** | 3,309,816 |
| **Total equity attributable to owners of the Company** | | **3,088,475** | 3,489,391 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 April 2016*

### 1. BASIC OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that biological assets are measured at their fair value less costs to sell, available-for-sale financial assets, derivative financial instruments and financial assets at fair value though profit or loss are measured at fair value.

**Basis of preparation**

In preparing the consolidated financial statements, the Directors of the Company have given consideration to the future liquidity of the Group. The convertible bonds with an outstanding principal amount of approximately RMB568,391,000 had been matured on 12 April 2016 (the "Convertible Bonds").

On 10 June 2016, the bondholders of not less than 75% in the outstanding principal of the Convertible Bonds signed a standstill agreement (the "Standstill Agreement") with the Company pursuant to which the parties agreed that, conditional upon the trustee of the Convertible Bonds having received from the Company (i) all outstanding fees and expenses due and payable to the trustee under the terms of the constitution documents of the Convertible Bonds; (ii) the unpaid accrued interest in respect of the Convertible Bonds that was due to be paid on the maturity adate and accrued interest from the maturity date to the date of the Standstill Agreement; and (iii) 25% of the principal amount of the Convertible Bonds that was due to be redeemed on the maturity date, the bondholders shall, amongst others, not exercise or direct the trustee to exercise any right or remedy that the bondholders or the trustee would otherwise be entitled to exercise pursuant to the constitutional documents of the Convertible Bonds up to 31 August 2016. The Standstill Agreement subsequently became effective on 22 June 2016.

On 20 May 2016, the Company entered into a placing agreement with the placing agents to procure placees to subscribe for 5,750,000,000 placing shares at a price of HK$0.10 each (the "Placing of Shares"). The Company intends to use the net proceeds from the Placing of Shares for redemption of the Convertible Bonds.

In light of the Standstill Agreement and the Placing of Shares, the Directors of the Company are of the view that the Group has a realistic probability of successfully repaying the Convertible Bonds in full before the expiry of the Standstill Agreement. Furthermore, as at 30 April 2016, cash and cash equivalents amounted to RMB1,961,542,000, which was more than the total liabilities of RMB1,820,907,000 (including Convertible Bonds). The Directors considered that the reason for the delay in repayment of Convertible Bonds was primarily due to PRC foreign exchange remittance restrictions affecting the Company's ability to remit funds offshore rather than a lack of funds. Accordingly, the financial statements have been prepared on a going concern basis. However, if the Placing of Shares and the remittance of funds mentioned above become unsuccessful, the Group may not be able to repay the Convertible Bonds and its other obligations in full as and when they become due. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their realisable amounts, to provide for any further liabilities which might arise and to reclassify certain assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs')

In the current year, the Group has applied, for the first time, a number of the new and revised standards, amendments and interpretations ("new and revised HKFRSs") (which included all HKFRSs, HKASs and interpretations) issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 May 2015. A summary of the new and revised HKFRSs are set out as below:

| | |
|---|---|
| HKAS 19 (Amendments) | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010–2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011–2013 Cycle |

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

In addition, the Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the reporting period. The main impact on the financial statements is the presentation and disclosure of certain information in the financial statements.

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

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012–2014 Cycle[1] |
| HKFRS 9 | Financial Instruments[2] |
| HKFRS 9, HKFRS 7 and HKAS 39 (Amendments) | Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[4] |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |
| HKFRS 10, HKFRS 12 and HKAS 28 (Amendments) | Investment Entities: Applying the Consolidation Exception[1] |
| HKFRS 11 (Amendments) | Accounting for Acquisitions of Interests in Joint Operations[1] |
| HKFRS 14 | Regulatory Deferral Accounts[3] |
| HKFRS 15 | Revenue from Contracts with Customers[2] |
| HKAS 16 | Leases[5] |
| HKAS 1 (Amendments) | Disclosure Initiative[1] |
| HKAS 16 and HKAS 38 (Amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation[1] |
| HKAS 16 and HKAS 41 (Amendments) | Agriculture: Bearer Plants[1] |
| HKAS 27 (Amendments) | Equity Method in Separate Financial Statements[1] |

[1] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group.
[4] No mandatory effective date is determined but is available for early adoption.
[5] Effective for annual periods beginning on or after 1 January 2019.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's result of operations and financial position.

## 3. TURNOVER

During the year ended 30 April 2016, the Group was principally engaged in the growing, processing and sales of agricultural products, production and sales of consumer food products ("continuing operations"), and production and sales of beverage products ("discontinued operations").

Turnover of continuing operations 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 follows:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Fresh produce and processed products | **378,883** | 364,520 |
| Branded food products and others | **28,097** | 156,574 |
| | **406,980** | 521,094 |

## 4. OTHER REVENUE AND OTHER LOSSES

### (a) Other revenue

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Interest income on financial assets not at fair value through profit or loss | | |
| – interest income from banks | **5,034** | 11,245 |
| Rental income | **867** | 1,166 |
| Government grant received | **6,717** | 1,894 |
| Sundry income | **1,105** | 610 |
| | **13,723** | 14,915 |

**(b) Other losses**

| | 2016 | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Impairment loss recognised on available-for-sale financial assets | **115,280** | – |
| Net loss on financial assets at fair value through profit or loss | **7,143** | – |
| Loss on redemption of convertible bonds | **1,234** | 4,675 |
| | **123,657** | 4,675 |

## 5. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

Loss before taxation from continuing operations is arrived at after charging the following:

| | 2016 | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| **(a) Finance costs** | | |
| Interest on borrowings wholly repayable within five years | | |
| – interest on convertible bonds | **70,740** | 103,798 |
| – interest on other borrowing | **12,475** | 3,690 |
| – interest on bank borrowings | **35,235** | 43,168 |
| | **118,450** | 150,656 |

| | 2016 | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **(b) Staff costs** | | |
| Contributions to defined contribution retirement plans | **4,234** | 5,308 |
| Salaries, wages and other benefits | **64,598** | 88,278 |
| | **68,832** | 93,586 |

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **(c) Other items** | | |
| Amortisation of land lease premium | **3,472** | 3,739 |
| Amortisation of long-term prepaid rentals | **98,937** | 104,777 |
| Depreciation of property, plant and equipment | **119,860** | 127,294 |
| Operating lease charges: minimum lease payment | | |
| – property rentals | **663** | 597 |
| Research and development expenses | **–** | 533 |
| Auditors' remuneration | | |
| – audit services | **1,500** | 1,742 |
| – non-audit services | **2,138** | 700 |
| Cost of inventories sold | **349,613** | 426,790 |
| Net foreign exchange loss | **304** | 465 |
| Loss on disposal of property, plant and equipment | **61,616** | 25,896 |
| Loss on disposal of land lease premium | **1,367** | – |

## 6. INCOME TAX (RELATING TO CONTINUING OPERATIONS)

**Continuing operations**

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

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Current tax – Enterprise Income Tax in the PRC** | | |
| – Provision for the year | **706** | 5,616 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **(7,782)** | (7,080) |
| Total income tax (credit) recognised in profit or loss | **(7,076)** | (1,464) |

*Note:* 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.

## 7. DISCONTINUED OPERATIONS

**Disposal of beverage business operations**

On 15 April 2015, the Company, 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Development Co., Ltd*), 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd*) ("Xiamen Company") and 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) ("CCBSL") entered into an equity transfer agreement ("Equity Transfer Agreement"), pursuant to which CCBSL conditionally agreed to acquire, and Xiamen Company conditionally agreed to sell, the entire equity interest in 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd*) (the "Target Company"). The consideration for the disposal, which is based on the agreed enterprise value of US$400.5 million (subject to adjustment) (equivalent to approximately RMB2,483.1 million) of the Target Company, will be paid by CCBSL in cash in accordance with the Equity Transfer Agreement.

On 29 February 2016, the Company and other relevant parties have entered into an amended and restated equity transfer agreement (the "Amended and Restated Equity Transfer Agreement") to amend certain terms of the Equity Transfer Agreement. For the information of the Amended and Restated Equity Transfer Agreement, please refer to Note 15.

The disposal of the Group's beverage business operations (but excluding porridge or congee and beverage products in powder form) ("Disposed Business") is consistent with the Group's long-term policy to shift focus from its activities on the cultivation and production of agricultural products and processing business towards a consumer product driven business, with multi grain focus. The Directors view the branded beverage business as the first step to implement the multi grain strategy and will continue to pursue the same strategy with an emphasis on non-beverage branded consumer products such as multi-grain food and snacks after the disposal. The disposal was completed on 23 March 2016.

**Analysis of profit for the year from discontinued operations**

The results of the discontinued operations included in the profit for the year are set out below.

**Profit for the year from discontinued operations**

| | Note | **2016** *RMB'000* | 2015 *RMB'000* |
|---|---|---|---|
| Turnover | | **1,220,693** | 1,421,750 |
| Cost of sales | | **(802,006)** | (881,236) |
| Gross profit | | **418,687** | 540,514 |
| Other revenue | | **17,232** | 4,809 |
| Impairment loss recognised on property, plant and equipment | | **(363,299)** | – |
| Impairment loss recognised on deposits on purchase of property, plant and equipment | | **(264,493)** | – |
| Selling and distribution expenses | | **(222,857)** | (233,243) |
| General and administrative expenses | | **(65,595)** | (35,987) |
| (Loss)/profit from operations | | **(480,325)** | 276,093 |
| Finance costs | | **(26,775)** | (6,715) |
| (Loss)/profit before taxation | | **(507,100)** | 269,378 |
| Income tax expense | | **(68,369)** | (90,903) |
| | | **(575,469)** | 178,475 |
| Gain on disposal of subsidiaries | 15 | **1,027,956** | – |
| Profit for the year from discontinued operations attributable to owners of the Company | | **452,487** | 178,475 |

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 30 April 2016 (2015: Nil).

## 9. LOSS PER SHARE

**From continuing and discontinued operations**

*(a) Basic loss per share*

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB961,113,000 for the year ended 30 April 2016 (year ended 30 April 2015: loss of RMB269,549,000) and the weighted average number after adjustments of partial exercise of Convertible Bonds in May 2015 and open offer of shares in July 2015 and the share consolidation completed on 25 November 2015 of 1,086,430,342 ordinary shares (2015: 675,269,506 ordinary shares (restated)) in issue during the year.

For the year ended 30 April 2015, the weighted average number of ordinary shares for the purpose of basic loss per share has been restated and adjusted with the effect of open offer of shares and share consolidation which were occurred during the current year.

*(i) Loss attributable to owners of the Company*

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss attributable to owners of the Company used to determine diluted loss per share | **(961,113)** | (269,549) |

| | **Number of ordinary shares** | |
|---|---|---|
| | **2016** | 2015 |
| | | Restated |
| Weighted average number of ordinary shares for calculation of diluted loss per share | **1,086,430,342** | 675,269,506 |

*(b) Diluted loss per share*

Diluted loss per share for the years ended 30 April 2015 and 2016 was the same as the basic loss per share. There were no outstanding share options as at 30 April 2015 and 2016.

During the year ended 30 April 2016 and 2015, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible bonds since the effect of such conversion was anti-dilutive.

**From continuing operations**

*Basic loss per share*

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

*Loss from continuing operations attributable to owners of the Company*

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss for the year attributable to owners of the Company | **(961,113)** | (269,549) |
| Less: Profit for the year from discontinued operations attributable to the owners of the Company | **(452,487)** | (178,475) |
| | **(1,413,600)** | (448,024) |

**From discontinued operations**

Basic and diluted earnings per share from the discontinued operations is RMB41.65 cents per share (2015: RMB26.43 cents per share (restated)) based on the profit for the year from discontinued operations of RMB452,487,000 (2015: RMB178,475,000) and the denominators detailed above for both basic and diluted earnings per share.

**10. 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 produce. 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.

Beverage business operations was discontinued in the current year. The segment information reported as per following does not include any amounts for the discontinued operation.

**(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 2016 and 2015 is set out below.

*Continuing operations*

| | **Fresh produce and processed products** | | **Branded food products and others** | | **Total** | |
|---|---|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Revenue from external customers | **378,035** | 364,520 | **28,945** | 156,574 | **406,980** | 521,094 |
| Inter-segment revenue | **54,355** | 63,856 | **931** | 124 | **55,286** | 63,980 |
| Reportable segment revenue | **432,390** | 428,376 | **29,876** | 156,698 | **462,266** | 585,074 |
| Reportable segment (loss)/profit | **(682,907)** | (170,437) | **(42,340)** | 2,760 | **(725,247)** | (167,677) |
| Interest income | **403** | 720 | **1** | 22 | **404** | 742 |
| Depreciation and amortisation | **146,422** | 194,104 | **12,733** | 25,187 | **159,155** | 219,291 |
| Income tax | **633** | 382 | **73** | 23 | **706** | 405 |
| Reportable segment assets | **3,580,803** | 3,116,709 | **26,255** | 131,910 | **3,607,058** | 3,248,619 |
| Fair value change on biological assets | **5,073** | (5,745) | **–** | – | **5,073** | (5,745) |
| Finance cost | **4,591** | 300 | **174** | 1,299 | **4,765** | 1,599 |
| Impairment loss recognised on property, plant and equipment | **216,147** | 38,994 | **–** | – | **216,147** | 38,994 |
| Impairment loss recognised on interest in leasehold land held for own use under operating leases | **27,665** | 2,715 | **486** | – | **28,151** | 2,715 |
| Impairment loss recognised on long-term prepaid rentals | **373,288** | 128,212 | **28,875** | – | **402,163** | 128,212 |
| Additions to non-current asset during the year | **11,420** | 118,236 | **4** | 63,335 | **11,424** | 181,571 |
| Reportable segment liabilities | **381,315** | 395,973 | **3,055** | 10,137 | **384,370** | 406,110 |

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Reportable segment revenue | **462,266** | 585,074 |
| Elimination of inter-segment revenue | **(55,286)** | (63,980) |
| Consolidated turnover for continuing operations | **406,980** | 521,094 |
| **Profit or loss** | | |
| Reportable segment loss derived from Group's external customers | **(725,247)** | (167,677) |
| Finance costs | **(113,685)** | (149,057) |
| Finance income | **4,630** | 10,503 |
| Loss on disposal of a subsidiary | **–** | (14,036) |
| Other revenue | **44,956** | 3,376 |
| Impairment loss recognised on available-for-sale financial assets | **(115,280)** | – |
| Net loss on financial assets at fair value through profit or loss | **(7,143)** | – |
| Unallocated depreciation and amortisation | **(63,114)** | (16,518) |
| Unallocated head office and corporate expenses | **(444,559)** | (111,404) |
| Loss on redemption of convertible bonds | **(1,234)** | (4,675) |
| Consolidated loss before taxation (continuing operations) | **(1,420,676)** | (449,488) |
| **Assets** | | |
| Reportable segment assets | **3,607,058** | 3,248,619 |
| Assets relating to beverage business operations | **–** | 1,715,954 |
| | **3,607,058** | 4,964,573 |
| **Unallocated head office and corporate assets:** | | |
| – Fixed assets | **131,523** | 332,692 |
| – Pledged bank deposit | **255,481** | 255,879 |
| – Cash and cash equivalents | **713,701** | 32,150 |
| – Other assets | **201,619** | 22,433 |
| **Consolidated total assets** | **4,909,382** | 5,607,727 |

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Liabilities** | | |
| Reportable segment liabilities | **384,370** | 406,110 |
| Liabilities relating to beverage business operations | **–** | 17,937 |
| Convertible bonds | **568,391** | 665,085 |
| Deferred tax liabilities | **70,638** | 78,420 |
| Borrowings | **446,702** | 563,462 |
| Unallocated head office and corporate liabilities | **350,806** | 387,322 |
| **Consolidated total liabilities** | **1,820,907** | 2,118,336 |

**(c) Geographical information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, long-term prepaid rentals and deposits paid for acquisition of fixed assets ("specified non-current assets"). The geographical location of customers is based on the location to which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets.

| | **Revenue from external customers** | | **Specified non-current assets** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| The PRC (place of domicile) | | | | |
| – Sales to import/export companies in the PRC | **–** | 4,709 | | |
| – Sales to other customers in the PRC | **406,980** | 516,385 | | |
| | **406,980** | 521,094 | **2,354,135** | 3,508,927 |

**(d) Information about major customers**

No major customer contributed 10% or more to the Group's revenue for the year ended 30 April 2016 and 2015.

## 11. TRADE AND OTHER RECEIVABLES

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **2,014** | 3,837 |
| Other receivables | **142,363** | 20,741 |
| Loans and receivables | **144,377** | 24,578 |
| Rental and other deposits | **513** | 668 |
| Interest in leasehold land held for own use under operating leases | **3,646** | 2,961 |
| Prepayments | | |
| – to suppliers | **–** | 43,770 |
| – to others | **183** | 50 |
| Value added tax recoverable | **3,954** | 3,996 |
| | **152,673** | 76,023 |

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 month | **2,014** | 3,837 |
| Over 1 month but within 3 months | **–** | – |
| | **2,014** | 3,837 |

## 12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group was seeking to dispose of its beverage business operation. The assets and liabilities of disposal group as at 30 April 2015 were presented as follows:

| | 2015 |
|---|---|
| | *RMB'000* |
| Property, plant and equipment | 798,676 |
| Interests in leasehold land held for own use under operating leases | 50,456 |
| Pledged bank deposits | 31,750 |
| Deposits paid for acquisition of fixed assets | 317,292 |
| Inventories | 45,529 |
| Trade and other receivables | 15,269 |
| Cash and cash equivalents | 456,982 |
| Assets of beverage business classified as held for sale | 1,715,954 |
| Trade payables | 17,937 |
| Liabilities of beverage business associated with assets classified as held for sale | 17,937 |
| Net assets of beverage business classified as held for sale | 1,698,017 |

The assets and liabilities classified as held for sale have been disposed of during the year.

## 13. TRADE AND OTHER PAYABLES

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **429** | 523 |
| Accrued salaries and wages | **2,346** | 8,181 |
| Other accruals and payables *(note 1)* | **212,127** | 84,696 |
| Financial liabilities measured at amortisation cost | **214,902** | 93,400 |
| Deposit received | **–** | 123,938 |
| Receipts in advance | **–** | 7,228 |
| Other taxes payable | **970** | 9,653 |
| | **215,872** | 234,219 |

*Note:*

1. Other accruals and payables included payments related to the disposal of beverage business operations of approximately RMB112,907,000.

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Over 1 month but within 3 months | **429** | 523 |

## 14. BANK AND OTHER BORROWINGS

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank loans | **789,630** | 763,462 |
| Loan from other entities | **158,572** | 298,342 |
| | **948,202** | 1,061,804 |
| Secured | **689,625** | 763,462 |
| Unsecured | **258,577** | 298,342 |
| | **948,202** | 1,061,804 |
| – Within one year | **808,202** | 544,638 |
| – More than one year, but not exceeding two years | **–** | 277,166 |
| – More than two years, but not more than five years | **140,000** | 240,000 |
| | **948,202** | 1,061,804 |
| Less: Amounts shown under current liabilities | **(808,202)** | (544,638) |
| | **140,000** | 517,166 |

*Notes:*

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

| | **2016** | 2015 |
|---|---|---|
| Effective interest rate: | | |
| Fixed-rate borrowings | 5.0% to 13.9% | 5.0% to 7.3% |
| Variable-rate borrowings | 3.0% to 12.0% | 4.8% to 10.7% |

## 15. GAIN ON DISPOSAL OF SUBSIDIARIES

On 15 April 2015, the Company, 中綠（泉州）食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd*), Xiamen Company and CCBSL entered into the Equity Transfer Agreement, pursuant to which CCBSL conditionally agreed to acquire, and Xiamen Company conditionally agreed to sell, the entire equity interest in the Target Company ("Disposal"). The consideration for the Disposal, which is based on the agreed enterprise value of US$400.5 million (equivalent to approximately RMB2,483.1 million) of the Target Company, will be paid by CCBSL in cash in accordance with the Equity Transfer Agreement.

The Equity Transfer Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company at the special general meeting held on 14 September 2015. On 15 September 2015, the Group was confirmed by CCBSL that the Anti-Monopoly Bureau of MOFCOM 商業部反壟斷局 has decided that the Disposal was not prohibited under the Anti-Monopoly Law.

As disclosed in the announcement of the Company dated 29 February 2016, the Company and other relevant parties have entered into the Amended and Restated Equity Transfer Agreement to amend certain terms of the Equity Transfer Agreement. As the Disposal is a very substantial disposal as classified under Chapter 14 of the Listing Rules and the Amended and Restated Equity Transfer Agreement represented a material change to the terms of the Disposal, the Amended and Restated Equity Transfer Agreement is conditional on shareholders' approval at a general meeting under the Listing Rules. At the special general meeting of the Company held on 23 March 2016, the resolution approving the Amended and Restated Equity Transfer Agreement was duly passed by the shareholders. The Disposal was completed on 23 March 2016. Along with the initial deposit received on the date of the signing of the Equity Transfer Agreement, the Group totally received RMB1,685.6 million as at the completion date.

Pursuant to the Amended and Restated Equity Transfer Agreement, (a) an additional US$50 million of the purchase price (the "Additional Escrow Amount") will be put in escrow, and (b) the purchase price may be reduced pursuant to a performance based adjustment to be determined based on the net sales revenue of the disposed business for a specified nine-month period. The Additional Escrow Amount, together with the escrow of US$100 million provided under the Equity Transfer Agreement, will be released to Xiamen Company subject to the satisfaction of the original release conditions provided under the Equity Transfer Agreement and the performance based adjustment mechanism.

The consolidated assets, liabilities and gain on disposal of the beverage business operations as at the date of completion of Disposal are as follows:

| | *RMB'000* |
|---|---|
| Property, plant and equipment | 554,635 |
| Interests in leasehold land held for own use under operating leases | 57,470 |
| Inventories | 34,339 |
| Trade and other receivable | 164,631 |
| Cash and cash equivalents | 41,706 |
| Trade and other payables | (137,928) |
| Net assets disposed of | 714,853 |
| Satisfied by: | |
| Cash | 1,685,592 |
| Other receivable | 112,911 |
| Consideration adjustment | (55,694) |
| Total consideration | 1,742,809 |
| Less: Net assets disposed of | (714,853) |
| Gain on disposal *(Note 7)* | 1,027,956 |

| | *RMB'000* |
|---|---|
| **Net cash inflow arising on disposal:** | |
| Cash consideration | 1,685,592 |
| Less: cash and cash equivalents disposed of | (41,706) |
| | 1,643,886 |

## EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual financial statements for the year ended 30 April 2016:

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 April 2016, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which describe that the convertible bonds with an outstanding principal amount of approximately RMB568,391,000 in aggregate were matured on 12 April 2016 (the "Convertible Bonds"). On 10 June 2016, the bondholders of not less than 75% in the outstanding principal of the Convertible Bonds signed a standstill agreement (the "Standstill Agreement") with the Company pursuant to which the parties agreed that, conditional upon the trustee of the Convertible Bonds having received from the Company (i) all outstanding fees and expenses due and payable to the trustee under the terms of the constitution documents of the Convertible Bonds; (ii) the unpaid accrued interest in respect of the Convertible Bonds that was due to be paid on the maturity date and accrued interest from the maturity date to the date of the standstill agreement; and (iii) 25% of the principal amount of the Convertible Bonds that was due to be redeemed on the maturity date, the bondholders shall, amongst others, not exercise or direct the trustee to exercise any right or remedy that the bondholders or the trustee would otherwise be entitled to exercise pursuant to the constitutional documents of the Convertible Bonds up to 31 August 2016. The Standstill Agreement subsequently became effective on 22 June 2016. In addition, on 20 May 2016, the Company entered into a placing agreement with the placing agents to procure placees to subscribe for 5,750,000,000 placing shares at a price of HK$0.10 each (the "Placing of Shares"). The Company intends to use the net proceeds from the Placing of Shares for redemption of the Convertible Bonds.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful outcome of the Placing of Shares in order for the Group to redeem the Convertible Bonds in full before the expiry of the Standstill Agreement. These conditions, along with other matters as set forth in note 2, indicate the existence of an uncertainty which may cast doubt on the Group's ability to continue as a going concern.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

### Continuing Operations

***Sales Revenue***

The sales revenue of the Company and its subsidiaries from continuing operations decreased by approximately 21.9% to approximately RMB407.0 million (FY2014/15: RMB521.1 million). The reduction in sales revenue was due to increase in sales revenue of fresh produce and processed products, which was offset by decrease in sales revenue of branded food products and others.

During the year ended 30 April 2016, the Group was principally engaged in two business segments for continuing operations, namely (i) fresh produce and processed products and (ii) branded food products and others. The breakdown of the revenue was as follows:

| | **Year ended 30 April** | |
|---|---|---|
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue By Products** | | |
| Fresh produce and processed products | **378,883** | 364,520 |
| Branded food products and others | **28,097** | 156,574 |
| Total | **406,980** | 521,094 |

***Fresh produce and processed products***

The sales of fresh produce and processed products primarily consisted of fresh vegetables such as sweet corns, lotus roots, radish, cucumber and water melons as well as canned and frozen products. During the year, revenue from this segment was RMB378.9 million (FY2014/15: RMB364.5 million). The slight increase in sales during the year was mainly attributable to the increase in production for the fresh produce and processed products. Although the early withdrawal of certain farmlands has some effects on the production of fresh produce, the first phrase of production of 50,000 mu farmland in Baicheng City, Jilin Province has already commenced during the year. Fresh produce such as rice, sweet corns and some multi-grains including green beans and red beans was produced.

### *Multi Grain Farmland – Baicheng City*

In 2012, the Group entered into lease agreements for multi grain farmland of 200,000 mu in Baicheng City, Jilin Province, and planned for a major production base. As most of the Baicheng production base is located in Northeast China, it is extremely suitable for the cultivation of quality food crop in view of its latitude, climate and soil quality. The Group plans to make use of this production base to supply raw materials of multi grain products based on our cumulated cultivation experience and knowledge to achieve the higher degree of vertical integration. Furthermore, we will also promote the modernized and scientific mass production of multi grain products with the involvement of local expertise and farmers in Northeast China under the local climatic and ecological environment. We will make adjustments through various cooperative models on the basis of annual changes in yields and products, to enhance flexibility of land use.

Starting from May 2015, the Group began to cultivate the multi grain products in the first phase of 50,000 mu farmland including rice, sweet corns, green beans and red beans, which started to contribute sales to the Company during the year. We believe that the mass production of multi grain will gradually meet the demand of the market for multi-grain supply in the near future. In addition, we further expect that output from this farmland will be supplied to the Target Company (as defined below) as per the Supply Agreement (as defined below) upon the completion of the Disposal, details of which are shown in the section headed "Significant Investments Held And Material Acquisitions And Disposals".

It is believed that the large size of the farmland in Baicheng City will fulfill the Group's strategic development of economical mass production, which will greatly boost the production efficiency.

### *Branded food products and others*

The sales of branded food products and others mainly included rice and hotpot products sold under the Group's own brand. Revenue from this segment decreased from approximately RMB156.6 million in FY2014/15 to approximately RMB28.1 million during the year. Due to the increase in cost of production and the sluggish market for hotpot products, the Company decided to suspend the production line of hotpot products during the year. The sales of rice products also decreased during the year due to aging of the machineries of rice production line which slowed down the production efficiency.

### *Gross Profit and Gross Profit Margin*

Gross profit for the year decreased by approximately 39.1% to approximately RMB57.4 million in FY2015/16 (FY2014/15: RMB94.3 million) and the gross profit margin decreased from 18.1% in FY 2014/15 to 14.1% in FY 2015/16, driven by the decrease in sales and the continued recognition of fixed cost such as depreciation and amortization in the cost of sales.

*Other revenue*

Other revenue decreased slightly from RMB14.9 million in FY2014/15 to RMB13.7 million in FY2015/16.

*Other losses*

During the year, other losses increased from RMB4.7 million in FY2014/15 to RMB123.7 million in FY2015/16, mainly due to the recognition of the net loss on financial assets at fair value through profit or loss of RMB7.1 million (FY2014/15: Nil), and impairment loss on available-for-sale financial assets of RMB115.3 million (FY2014/15: Nil)

**Impairment losses on property, plant and equipment, long-term prepaid rentals and interest in leasehold land held for own use under operating leases**

During the year, the Group recognised impairment losses on property, plant and equipment of RMB216.1 million (FY2014/15: RMB39.0 million), on long-term prepaid rentals of RMB402.2 million (FY2014/15: RMB128.2 million) and on interest in leasehold land held for own use under operating leases totaling RMB28.2 million (FY2014/15: RMB2.7 million), as a result of the early termination of certain land leases for the farmlands in Fujian, Jiangxi and Hubei provinces and the continuing decline of the financial performance of the Group's fresh produce and processed products and branded food products and others segments.

During the year, the Group early terminated certain land leases having taken into account different factors such as costs and benefits, the allocation of resources, the environment nearby, the product mixes of the farmlands and the future strategic development, etc. Most of the land leases terminated were small parcels of lands in different areas, difficult for efficient maintenance and mass production, and not in line with the strategic development of the Group for economical mass production in the future. The Group would incur a lot of expenses and costs on the production for limited benefits. Also, the product mixes from these farmlands were usually limited due to their small sizes. As a result of the rapid city urbanization of the cities nearby, the surrounding environment and soil quality of some farmlands started to become unsatisfactory, which would affect the quality of the future growth of products. The aging machineries in some farmlands also slowed down the production efficiency. In light of the above factors, the Group decided to withdraw these land leases and focused on the development of the remaining large-scale quality farmlands.

Since those losses as mentioned above are non-cash in nature, they had no significant impact on the cash flow of the Group for the financial year under review.

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

There is a loss from changes in fair value less costs to sell biological assets of approximately RMB5.1 million as compared with a gain of approximately RMB5.7 million for the last year. Such loss is mainly due to the decrease in biological assets planted by the Group as at 30 April 2016.

*Operating Expenses*

Total operating expenses increased to approximately RMB634.4 million (FY2014/15: RMB212.0 million). Selling and distribution expenses were approximately RMB17.1 million (FY2014/15: RMB30.5 million), representing a decrease of 43.9% because of the decrease in sales. General and administrative expenses were approximately RMB617.3 million (FY2014/15: RMB181.5 million), due to the recognition of direct tax expenses and other direct expenses such as legal and professional fees in relation to the Disposal.

**Discontinued Operations**

*Sales Revenue*

Before the completion of the Disposal, the Group was selling different types of beverage products under its own brands, most of which were multi-grain focused and were tailored for the increasing health demand of the domestic market.

During the year, the Group's sales revenue of branded beverage products reported a decrease to approximately RMB1,220.7 million (FY2014/15: RMB1,421.8 million), mainly due to the adjustment and optimisation of product sales mix and adjustment of co-operation with OEM producers.

*Gross profit and gross profit margin*

Gross profit of branded beverage products for the year was reported at approximately RMB418.7 million (FY2014/15: RMB540.5 million) and the gross profit margin was 34.3% (FY2014/15: 38.0%).

*Operating expenses*

Total operating expenses of branded beverage products decreased to approximately RMB288.5 million (FY2014/15: RMB269.2 million). Selling and distribution expenses were approximately RMB222.9 million (FY2014/15: RMB233.2 million). General and administrative expenses were approximately RMB65.6 million (FY2014/15: RMB36.0 million).

*Gain on Disposal*

During the year, the Group recorded an one-off gain on the Disposal amounting to RMB1,028.0 million.

*Impairment losses on tangible assets due to the restructuring of the discontinued operations arising from the Disposal*

During the year, the Group recognized impairment losses on property, plant and equipment of RMB363.3 million and deposits on purchase of property, plant and equipment of RMB264.5 million, due to the restructuring of the discontinued operations arising from the Disposal. The Group carried out a series of restructuring steps to consolidate the disposed business under the Target Company pursuant to the restructuring agreement before the completion of the Disposal. Some of the tangible assets related to the branded beverage businesses were not included in the disposal group sold to the buyer. In view of their present conditions and the future strategic development for Group, the Group decided to make impairment on them after the completion of the Disposal.

***Loss Attributable to the Owners of the Company – Continuing and discontinued operations***

For the year ended 30 April 2016, loss attributable to the owners of the Company was approximately RMB961.1 million (FY2014/15: RMB269.5 million). This was a result of (i) a fair value loss arising from impairment loss on available-for-sale financial assets; (ii) impairment losses recognized on the property, plant and equipment, long-term prepaid rentals and leasehold land held for own use under operating leases; and (iii) an impairment loss recognized on certain tangible assets in connection with the Disposal as a result of the restructuring of the discontinued operations.

***Financial Position and Liquidity***

As at 30 April 2016, the Group's total cash and cash equivalents amounted to approximately RMB1,961.5 million (2015: RMB141.7 million) whilst the total assets and net assets were approximately RMB4,909.4 million (2015: RMB5,607.7 million) and RMB3,088.5 million (2015: RMB3,489.4 million) respectively. The Group had current assets of RMB2,495.1 million (2015: RMB2,055.3 million) and current liabilities of RMB1,610.3 million (2015: RMB1,522.8 million). The current ratio was 1.55 times (2015: 1.35 times).

The Group's bank and other borrowings amounted to approximately RMB948.2 million (2015: RMB1,061.8 million) of which secured bank and other borrowings were approximately RMB689.6 million (2015: RMB763.5 million) and unsecured bank and other borrowings were approximately RMB258.6 million (2015: RMB298.3 million).

The Group's Convertible Bonds amounted to approximately RMB568.4 million (2015: RMB665.1 million).

The gearing ratio of the Group, defined as the total borrowings and Convertible Bonds to the shareholders' equity, amounted to 49.1% as at 30 April 2016 as compared with 49.5% as at 30 April 2015.

***Securities Investments***

During the year, the Group has invested in securities of listed and non-listed companies. The Group recorded net loss on financial assets at fair value through profit or loss of RMB7.1 million (FY2014/15: Nil), and impairment loss recognised on available-for-sale financial assets of RMB115.3 million (FY2014/15: Nil), mainly as a result of the recent downturn in the Hong Kong securities market.

As at 30 April 2016, the total fair value of the investment portfolio held by the Group was approximately RMB62.8 million (2015: RMB42.8 million) and consisted of financial assets at fair value through profit or loss of RMB2.9 million (2015: Nil) and available-for-sales financial assets of RMB59.9 million (2015: 42.8 million). Available-for-sales financial assets were mainly composed of shares listed on the Stock Exchange and they included (i) approximately 33,687,000 shares of Interactive Entertainment China Cultural Technology Investments Limited ("IECCTI", stock code: 8081), (ii) 51,954,000 shares of Convoy Financial Holdings Limited ("CFH", stock code: 1019), (iii) 25,500,000 shares of Tianyun International Holdings Limited ("TIH", stock code: 6836) and (iv) 147,900,000 shares of China Demeter Investments Limited ("CDI", stock code: 8120). The shares of each of CFH and TIH were listed on the Main Board of the Stock Exchange and the shares of each of IECCTI and CDI were listed on the Growth Enterprise Market of the Stock Exchange.

Having considered the financial performance and the business developments of these companies, such acquisitions are not for the purpose of selling in the short term but for long term investments of the Group. In view of the Disposal, the Group will continue to explore the investment and cooperation opportunities with all these companies.

## CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

### *Convertible Bonds*

The Company has issued the US$ settled 7.00% secured Convertible Bonds due 2016 ("7.00 per cent. Bonds") and the US$ settled 10.00% secured Convertible Bonds due 2016 with an outstanding principal amount of approximately RMB514,880,000 and RMB53,604,600 respectively as of 30 April 2016.

As disclosed in the announcements of the Company dated 4 April 2016 and 12 April 2016, the Company planned to seek the agreement of the holders of the Convertible Bonds ("Bondholders") to extend the timeframe to repay the outstanding principal and interests of the Convertible Bonds beyond the maturity date of 12 April 2016 ("Maturity Date") and other necessary amendments to the terms of the Convertible Bonds owing to the unforeseen restrictions in the PRC relating to the remittance of monies offshore which affected the Company's ability to remit its onshore funds to Hong Kong despite the completion of the Disposal.

As subsequently disclosed in the announcement of the Company dated 17 June 2016, on 10 June 2016, Bondholders holding not less than 75% in the outstanding principal amount of the 7.00 per cent. Bonds and 10.00 per cent. Bonds, respectively, signed the Standstill Agreement with the Company pursuant to which the parties agreed that, conditional upon the trustee of the 7.00 per cent. Bonds and 10.00 per cent. Bonds ("Trustee") having received from the Company (i) all outstanding fees and expenses due and payable to the Trustee under the terms of the constitution documents of the Convertible Bonds; (ii) the unpaid accrued interest in respect of the Convertible Bonds that was due to be paid on the Maturity Date and accrued interest from the Maturity

Date to the date of the Standstill Agreement; and (iii) 25% of the principal amount of the Convertible Bonds that was due to be redeemed on the Maturity Date, the Bondholders shall, amongst others, not exercise or direct the Trustee to exercise any right or remedy that the Bondholders or the Trustee would otherwise be entitled to exercise pursuant to the constitutional documents of the Convertible Bonds up to 31 August 2016.

The aforesaid payments to the Trustee to effect the Standstill Agreement were made on 22 June 2016.

***Issue of 2015 Notes***

The Group also issued interest bearing notes in an aggregate amount of HK$380,000,000 (equivalent to RMB298,342,000) in April 2015 (the "2015 Notes"). The 2015 Notes bore interest of 19.2% per annum and were matured in 6 months after issued. On 15 July 2015, the Company made an early redemption of the 2015 Notes before its maturity in full together with the accrued interest.

***Termination Agreement in relation to the Master Framework and Subscription Agreement***

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

Pursuant to the termination agreement, the Company shall pay (i) on or before 31 July 2015 an aggregate sum of the HK$ equivalent of RMB100,000,000 and all outstanding interests accrued as at the date of first repayment ("First Repayment"); and (ii) on or before the maturity date of the loan the remaining outstanding principal and interest under the loan (less the amount of the First Repayment).

Details of the termination agreement were disclosed in the announcement of the Company dated 7 July 2015.

***2015 Open Offer***

During the year, the Company has issued 3,974,283,592 new Shares under the 2015 Open Offer (as defined below).

On 8 July 2015, the Company completed an open offer of 3,974,283,592 Shares at the subscription price of HK$0.2 per offer share on the basis of two offer shares for every one Share held on 12 June 2015 (the "2015 Open Offer"). The net proceeds from the 2015 Open Offer, after deducting the underwriting commission and other related expenses payable by the Company, were approximately HK$772.9 million. As at 30 April 2016, such net proceeds were used as to (i) HK$395.2 million had been utilised as intended for the repayment of the 2015 Notes, (ii) HK$204.8 million had been utilised as intended for reducing other indebtedness of the Group, (iii) HK$51.2 million had been utilised as intended to strengthen and develop the fresh produce and processed products, and branded food products related businesses of the Group, (iv) HK$24.0 million had been utilised as intended for the payment of part of the professional fees and costs for the restructuring of the Disposal and (v) HK$48.9 million had been utilised as intended as general working capital and operating expenses of the Group. The remaining net proceeds of approximately HK$48.8 million have remained unused and are intended to be used as planned to strengthen and develop the continuing operations of the Group.

Details of the 2015 Open Offer were disclosed in the Company's announcements dated 17 April 2015 and 7 July 2015, the Company's circular dated 15 May 2016 and the Company's prospectus dated 15 June 2015.

***2016 Open Offer***

On 19 January 2016, the Company proposed to raise not less than approximately HK$286.1 million before expenses by issuing not less than 2,384,570,154 offer shares and not more than approximately HK$347.5 million before expenses by issuing not more than 2,895,459,776 offer shares at the subscription price of HK$0.12 per offer share on the basis of 2 offer shares for every 1 Share in issue on the record date ("2016 Open Offer").

On 25 April 2016, due to change in circumstances and the recent market sentiment, the underwriter and the Company could not agree upon a revised timetable on the 2016 Open Offer, and the Company and the underwriter have amicably agreed to terminate the underwriting agreement dated 19 January 2016 entered into between the Company and the underwriter in relation to the 2016 Open Offer with immediate effect, whereupon the parties' respective obligations have ceased and terminated, and the 2016 Open Offer will not proceed.

***Increase in Authorized share capital***

On 2 June 2015, the Company passed an ordinary resolution to increase its authorized share capital from HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each to HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each by the creation of additional 7,000,000,000 unissued Shares and such Shares shall rank pari passu with all existing Shares upon issue.

***Capital Reorganisation and Change in Board Lot Size***

At the special general meeting held on 24 November 2015, the special resolution in relation to the capital reorganisation comprising the share consolidation ("Share Consolidation"), capital reduction ("Capital Reduction") and the share sub-division ("Share Sub-division") was duly passed by way of poll and the capital reorganisation took effect on 25 November 2015. Details of the capital reorganisation are as follows:

***(1) Share Consolidation:***

Every 5 issued and unissued Ordinary Shares of par value of HK$0.10 each in the share capital of the Company prior to the capital reorganisation became effective were consolidated into 1 consolidated share ("Consolidated Share") of par value of HK$0.50 each and the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation was rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which might arise from the Share Consolidation.

***(2) Capital Reduction:***

The Capital Reduction was effected immediately upon the Share Consolidation became effective, pursuant to which the par value of each of the then issued Consolidated Shares was reduced from HK$0.50 to HK$0.10 by cancelling the paid-up capital of the Company to the extent of HK$0.40 on each of the then issued Consolidated Shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation, which together, amount to approximately HK$476,914,031, was credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

***(3) Share Sub-division:***

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK$0.50 each was sub-divided into 5 new Shares of par value of HK$0.10 each.

The board lot size for trading in the Shares on the Stock Exchange was changed from 6,000 to 4,000 upon the capital reorganisation became effective.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2016, the Group had contractual capital commitments of approximately RMB2.8 million (2015: RMB319.3 million).

As at 30 April 2016, the Group had not provided any form of guarantee for any companies outside the Group and had not involved in any material legal proceedings for which provision for contingent liabilities was required.

## PLEDGE OF GROUP'S ASSETS

As at 30 April 2016, the bank deposits amounting to approximately RMB287.2 million (2015: RMB255.9 million) had been pledged to secure the Group's bank loans and banking facilities. In addition, certain property, plant and equipment with book value amounting to approximately RMB212.9 million (2015: RMB469.2 million) had been pledged to secure the Group's bank loans for the purpose of working capital.

Shares of some of the subsidiaries of the Company were charged in favour of the Trustee for the benefit of the Bondholders of the Convertible Bonds. For further details of the Convertible Bonds and the said shares charges, please refer to the overseas regulatory announcement of the Company dated 14 November 2013.

## 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 2016. The revenue, operating costs and bank deposits of the Group are mainly denominated in RMB and Hong Kong dollars. 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 Bank of China or other financial institutions authorized 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.

## SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

***Completion of disposal of branded beverage businesses***

On 15 April 2015, the Company, 中綠（泉州）食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*), the Xiamen Company, each of which is an indirect wholly-owned subsidiary of the Company and CCBSL entered into the Equity Transfer Agreement, pursuant to which CCBSL has conditionally agreed to acquire, and Xiamen Company has conditionally agreed to sell, the entire equity interest in the Target Company. The purchase price is based on the agreed enterprise value of US$400.5 million (subject to adjustments) and will be paid by CCBSL in cash in accordance with the Equity Transfer Agreement.

For the purposes of the Disposal, among others, the parties of the Equity Transfer Agreement, 中綠（福建）農業綜合開發有限公司 (Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited*), 中綠（湖北）實業發展有限公司 (China Green Hubei Industry Co., Ltd*), each of which is an indirect wholly-owned subsidiary of the Company and the Target Company have entered into a restructuring agreement (the "Restructuring Agreement") on the same date as the Equity Transfer Agreement to carry out a series of restructuring steps intended to consolidate the manufacturing, marketing and sale of beverage products businesses (but excluding porridge or congee and beverage products in powder form) (the "Disposed Business") under the Target Company.

The Equity Transfer Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company at the special general meeting held on 14 September 2015. On 15 September 2015, the Group was confirmed by CCBSL that the Anti-Monopoly Bureau of MOFCOM 商業部反壟斷局 has decided that the Disposal was not prohibited under the Anti-Monopoly Law.

As disclosed in the announcement of the Company dated 29 February 2016, the Company and other relevant parties have entered into Amended and Restated Equity Transfer Agreement to amend certain terms of the Equity Transfer Agreement. As the Disposal is a very substantial disposal as classified under Chapter 14 of the Listing Rules and the Amended and Restated Equity Transfer Agreement represented a material change to the terms of the Disposal, the Amended and Restated Equity Transfer Agreement is conditional on shareholders' approval at a general meeting under the Listing Rules. At the special general meeting of the Company held on 23 March 2016, the resolution approving the amended and Restated Equity Transfer Agreement was duly passed by the shareholders and as disclosed in the announcement of the Company dated 23 March 2016, the completion of the Disposal took place on the 23 March 2016, and CCBSL paid to Xiamen Company an amount of RMB1,561.7 million on the same day.

Pursuant to the Amended and Restated Equity Transfer Agreement, (a) the Additional Escrow Amount will be put in escrow, and (b) the purchase price may be reduced pursuant to a performance based adjustment to be determined based on the net sales revenue of the Disposed Business for a specified nine-month period. The Additional Escrow Amount, together with the escrow of US$100 million provided under the Equity

Transfer Agreement, will be released to the seller subject to the satisfaction of the original release conditions provided under the Equity Transfer Agreement and the performance based adjustment mechanism.

***Supply Agreement and Transitional Services Agreement***

On the Completion Date, the following agreements were entered into pursuant to the terms of the Amended and Restated Equity Transfer Agreement:

(a) the supply agreement ("Supply Agreement") between the Company and the Target Company (together with its subsidiaries, "Target Group"), pursuant to which the Company and its subsidiaries immediately after the completion of the Disposal agreed to supply certain raw materials for the Target Group's use in the manufacture of beverages or their component parts subject to the purchase orders that the Target Company may issue in its discretion. The Supply Agreement is for a term of five years and shall continue in effect thereafter until terminated by either party by giving at least six months' prior written notice to the other party; and

(b) the transitional services agreement ("Transitional Services Agreement") between the seller warrantors ("Seller Warrantors") and the Target Company, pursuant to which the Seller Warrantors agreed to render, or cause their affiliates to render, certain transitional services for the purpose of ensuring efficient transition of the Target Group and the operation of the Disposed Business under the ownership of the purchaser for a term of nine months from the Completion Date.

As disclosed in the announcement of the Company dated 23 March 2016, the Company has received an amount of RMB1,561.7 million ("Disposed Proceeds") upon the completion of the Disposal. As at 30 April 2016, RMB336 million of the Disposal Proceeds have been paid for the direct tax expenses and other direct expenses in connection with the Disposal, and RMB200 million has been utilized for the reduction of indebtedness. The remaining unused amount of RMB1,025.7 million of the Disposal Proceeds is intended to be applied for the payment of other accruals and payables in connection with the Disposal, and for the reduction of indebtedness of the Group.

Saved as disclosed above, the Group made no other significant investments, material acquisitions or disposals during the year ended 30 April 2016.

## STAFF AND REMUNERATION POLICY

To keep pace with the growth of the Group in the future, the Group is recruiting qualified staff in capable caliber from time to time. For the year ended 30 April 2016, the number of staff and the staff remuneration of the Group were 840 (2015: 2,380) and approximately RMB68.8 million (FY2014/15: RMB93.6 million) respectively. The decrease in the number of staff was attributed to the Disposal and the withdrawal of certain leases for certain framlands during the year.

The Group's remuneration policy is reviewed periodically and remuneration is determined by reference to market trend, company results, individual qualifications and performance. Other benefits offered by the Group included statutory provident funds, year-ended bonuses, and share option to be granted to selected employees on the basis of their individual performance.

The Company adopted a share option scheme (the "Share Option Scheme") on 18 October 2013 and no options has been granted under the Share Option Scheme since its adoption.

## CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the special general meeting of the Company held on 14 September 2015, the shareholders of the Company (the "Shareholders") have approved to change the English name of the Company from "China Culiangwang Beverages Holdings Limited" to "China Green (Holdings) Limited" and to adopt the Chinese name of "中國綠色食品（控股）有限公司" as the secondary name of the Company to replace "中國粗糧王飲品控股有限公司" (the "Change of Company Name"). With the approval of the Registrar of Companies in Bermuda, the Change of Company Name became effective on 28 January 2016.

## SUBSEQUENT EVENTS

### (I) Placing of new shares under specific mandate

On 20 May 2016, the Company entered into the placing agreement with the placing agents, pursuant to which the Company appointed the placing agents as its agents to severally procure (not on a joint and several basis) not less than six placees who and whose ultimate beneficial owners are independent third parties, to subscribe for, failing which, each placing agent itself will subscribe for its placing commitment, 5,750,000,000 placing shares at a price of HK$0.10 per placing share on a fully underwritten basis on the terms and subject to the conditions of the placing agreement ("SM Placing"). The gross proceeds from the SM Placing will be HK$575 million and the net proceeds will be approximately HK$553 million (after deduction of commission and other expenses of the SM Placing). The Company intends to use the net proceeds as to approximately HK$530 million for redemption of the Convertible Bonds and payment of the interest accrued thereon; and the remaining of approximately HK$23 million for general working capital. The resolution in relation to the SM Placing was approved by the Company's shareholders at the special general meeting held on 25 July 2016 ("SGM") and remains conditional upon, among others, the obtaining of approval of the Stock Exchange of the listing of, permission to deal in, all of the placing shares. As at the date of these consolidated financial statements, the SM Placing has not yet been completed.

For details, please refer to the announcements of the Company dated 20 May 2016 and 25 July 2016, and the circular of the Company dated 8 July 2016.

**(II) Issue of 2016 Notes under specific mandate for loan restructuring**

On 20 May 2016, the Company entered into the supplemental deed with the lender, pursuant to which the Company and the lender have conditionally agreed to restructure the loan due under the lump sum loan agreement such that the principal amount of the loan amounting to HK$190,000,000 shall be repaid by the Company by way of creating and issuing the notes in the principal amount of HK$190,000,000 ("2016 Notes"). The 2016 Notes carry the right to convert the principal amount of the loan and the interest accrued thereon from the issue of the 2016 Notes into conversion shares at the conversion price of HK$0.15 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price of HK$0.15 per conversion share, a maximum of 1,418,666,666 conversion shares will fall to be issued to the noteholder. The resolution in relation to the issue of the 2016 Notes was approved by the Company's shareholders at the SGM and remains conditional upon, among others, the obtaining of approval of the Stock Exchange of the listing of, permission to deal in, all the conversion shares. As at the date of these consolidated financial statements, the issue of the 2016 Notes has not yet been completed.

For details, please refer to the announcements of the Company dated 20 May 2016 and 25 July 2016, and the circular of the Company dated 8 July 2016.

**(III) Standstill Agreement in relation to the 7.00 per cent. Bonds and the 10.00 per cent. Bonds**

On 10 June 2016, Bondholders holding not less than 75% in the outstanding principal amount of the 7.00 per cent. Bonds and the 10.00 per cent. Bonds, respectively signed the Standstill Agreement with the Company pursuant to which the parties agreed that, conditional upon the Trustee having received from the Company (i) all outstanding fees and expenses due and payable to the Trustee under the terms of the constitution documents of the Convertible Bonds; (ii) the unpaid accrued interest in respect of the Convertible Bonds that was due to be paid on the Maturity Date and accrued interest from the Maturity Date to the date of the Standstill Agreement; and (iii) 25% of the principal amount of the Convertible Bonds that was due to be redeemed on the Maturity Date, the Bondholders shall, amongst others, not exercise or direct the Trustee to exercise any right or remedy that the Bondholders or the Trustee would otherwise be entitled to exercise pursuant to the constitutional documents of the Convertible Bonds up to 31 August 2016. The aforesaid payments to the Trustee to effect the Standstill Agreement were made on 22 June 2016.

For details, please refer to the announcement of the Company dated 17 June 2016.

## THE YEAR AHEAD

*Launch of a new era going "completely green"*

Although economic growth in the PRC has slowed down which resulted in a weakened consumer market, the nation is becoming more conscious about maintaining a healthy diet, and in particular, certain healthy and natural multi-grain food has become more popular among consumers. As such, the Group will continue to launch a variety of multi-grain healthy food products in the future to meet market demand. In the past, Culiangwang thrived in the beverage area. Going forward, China Green aims to create more green and convenient food products, which do not require a large amount of further capital injections in at least the next few years as the current production base and the processing plant are usable assets. Leveraging on the Group's almost 20 years of experience in adopting an entirely green practice on cultivation and production, and its existing assets, as well as riding on the fast-growing multi-grain ingredient supply and prepared frozen food markets, we are confident that we can grasp each and every opportunity through professional and systematic operation and by means of brand promotion and scientific marketing, as such creating a cultural industry chain that upholds green cooking from "farm-to-table" for Chinese people, leading the way towards a culture of quick-frozen food that is also delicious within the Chinese industry, creating a new consumption culture that promotes convenience, tastes, style and casualness, and bringing innovative, essential and highly refined elements to modern civilization and general public.

*Continue supplying raw materials to Culiangwang*

Coca-Cola, a Fortune Global 500 company, will continue using the China Green Culiangwang brand after its acquisition of the Culiangwang beverage business. This is beneficial in terms of maintaining the Group's position in the multi-grain industry, and promotion and continuous development of its brand. Also, China Green will continue to act as a supplier of raw materials to the Target Company, which is beneficial to the development of China Green's raw material supply business. The Group currently has approximately 200,000 mu of farmland in Northeast China, which makes it capable of supplying raw materials to Coca-Cola with consistent quality and quantity.

*Upgrading the supply of green ingredients, engaging professional suppliers in the food industry that promote green, health and environmental protection*

Firstly, the Group upgrades the green ingredients supply chain and extends beyond the original "cultivation" category to the field of "cultivation and breeding", integrates the food ingredient supply chain, and creates a brand named as the "Garden Life"(田園生活). The Group primarily supplies to key account supermarkets, and another key customer base is group factories i.e. to provide product ingredients to large food and beverage processing plants. The fruit and vegetable and grain products are currently available in more than 400 key account hypermarkets across the country such as Wal-Marts, METRO, New Huadu and Yonghui, and going forward, other products will be gradually extended to supermarkets and retail stores. The Group has also commenced building its own department of ingredient quality control and nutrition research.

*Initiating a green diet revolution that brings about green, delicious and nutritious cooking*

In addition to the "Garden Life" brand, the Group will focus on building another brand – "China Green Imperial Delicacy" (中綠御膳良品). "China Green Imperial Delicacy" mainly consists of six series, the first being staple food, which includes rice, noodle, Chinese steamed bread and buns, etc., to fulfil our most basic demand for food; the second being concocted food, where different sorts of ingredients are concocted and only requires simple steaming, boiling, stir-frying and frying, etc., before being served directly which is very convenient; the third being soup, as we hire nutritionists and chefs to help arrange ingredients in a way that brings out the taste and is nutritious at the same time; the fourth is authentic delicacies, in which all sorts of Chinese delicacies are prepared in our central kitchen in the processing plant and can be eaten after purchasing and re-heating; the fifth is starters, being side dishes marinated using Japan seasoning salt and is similar to appetiser; and the sixth is the dessert series. Our first step is to enter large supermarket and hotel catering channels, second step is to enter the agricultural trade market, third step is into canteens, fourth step is the offering of made-to-order food service by arranging the required ingredients in accordance with consumers' personal taste and requirements, the fifth step is the intention to engage in the operation of local delicacies food store in transport hubs such as airport and highway service area.

*Creating an online integrated platform*

In this internet age, e-commerce develops rapidly and every product-making corporations inescapably develop their O2O platform to integrate offline resources with online sales. The Group will establish an online platform call "Kitchen Online" (廚房在線) in the future to combine all products and supply chain resources in China Green and create a database through gathering customers' data on shopping behaviours as well as working together with other mediums, in order to be able to promote Chinese food culture in a more approachable way.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 April 2016 (2015: Nil).

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, the Company made a mandatory redemption on the 10.00 per cent. Bonds, which are listed on the Singapore Exchange Securities Trading Limited, in the aggregate principal amount of RMB120,263,096 in accordance with the terms and conditions of the 10.00 per cent. Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2016.

## 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 Company confirmed that all Directors have complied with the required standards as set out in the Model Code for the year ended 30 April 2016.

## 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 Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 30 April 2016, the Company was in compliance with all relevant code provisions set out in the CG Code except for the deviations as explained below.

Code provision A.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. As it took time for the Company to identify appropriate insurance cover in respect of legal action against its Directors, the Company has yet to arrange appropriate insurance cover in respect of legal action against its Directors before 15 June 2015. The Company subsequently arranged appropriate insurance cover in respect of legal action against its Directors and senior officers with effect from 15 June 2015.

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 A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election. Mr. Hu Ji Rong ("Mr. Hu"), an independent non-executive Director is not appointed for a specific term, but is subject to retirement from office by rotation in accordance with the bye-laws of the Company (the "Bye-laws"). On 26 July 2016, the Company has entered into a letter of appointment with Mr. Hu for a fixed term of two years commencing on 26 July 2016, which is automatically renewable for successive term of two years upon the expiry of the said term, unless terminated by not less than one month's notice in writing served by either party on the other.

Code provision C.1.2 of the CG Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Hu, the chairman of each of the audit committee (the "Audit Committee"), remuneration committee and corporate governance committee of the Company, and Mr. Zeng Shaoxiao, the chairman of the nomination committee of the Company, did not attend the annual general meeting of the Company held on 14 September 2015 due to dealing with their own official engagement.

Save as the aforesaid and in the opinion of the Directors, the Company has met all the code provisions set out in the CG Code during the year ended 30 April 2016.

## REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hu (as committee chairman), Mr. Wei Xiongwen and Mr. Zeng Shaoxiao.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's interim and annual financial statements.

The Group's annual results for the year ended 30 April 2016 have been reviewed by the Audit Committee.

## PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Company's annual report for the year ended 30 April 2016 will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.chinagreen.com.hk in due course.

## APPRECIATION

The Board would like to thank the shareholders, business partners and customers for their continued support and trust, and would like to take this golden opportunity to express our heartfelt gratitude towards the management team and staff for the loyalty, efforts and contributions over the past year.

On behalf of the Board
**China Green (Holdings) Limited**
**Sun Shao Feng**
*Chairman*

Hong Kong, 26 July 2016

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer) and Mr. Chen Changgai; and four independent non-executive Directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong, Mr. Zeng Shaoxiao and Ms. Yu Xiao Min.*

* *for identification purpose only*