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 2019

- Turnover decreased by approximately 7.0% from approximately RMB506.4 million for the year ended 30 April 2018 ("FY2017/18") to approximately RMB471.2 million for the year ended 30 April 2019 ("FY2018/19").

- Gross profit and gross profit margin decreased from approximately RMB67.2 million and 13.3% for FY2017/18 to approximately RMB9.6 million and 2.0% for FY2018/19.

- Loss for the year attributable to owners of the Company increased from approximately RMB541.2 million for FY2017/18 to approximately RMB645.1 million for FY2018/19.

FINANCIAL HIGHLIGHTS

	2019	2018
	RMB'000	*RMB'000*
Turnover		
– Fresh produce and processed products	**430,803**	476,168
– Branded food products and others	**40,370**	30,248
	471,173	506,416
Gross profit	**9,565**	67,243
Gross profit margin	**2.0%**	13.3%
Loss for the year attributable to owners of the Company	**(645,071)**	(541,195)
		(Restated)
Basic loss per share *(RMB cents)*	**(1.82)**	(1.56)
Key Financial Ratios		
Current Ratio	**0.96 times**	1.57 times
Gearing Ratio	**33.9%**	23.6%

RESULTS

The board (the "Board") of directors (the "Directors") of China Green (Holdings) Limited (the "Company" together with its subsidiaries, the "Group") announces the consolidated results of the Group for the year ended 30 April 2019 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 2019

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

	Notes	**2019** **RMB'000**	2018 RMB'000
Other comprehensive (loss)/income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(10,771)**	17,916
Exchange differences on translation of financial statements of investment in an associate		**219**	(470)
Revaluation increase on available-for-sale financial assets		**–**	1,916
Reclassification to profit or loss on disposal of available-for-sale financial assets		**–**	(1,916)
		(10,552)	17,446
Items that will not reclassify to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(4,583)**	–
Other comprehensive (loss)/income for the year		**(15,135)**	17,446
Total comprehensive loss for the year attributable to owners of the Company		**(660,206)**	(523,749)
Loss per share attributable to owners of the Company *(RMB cents)*			(Restated)
– Basic and diluted	8	**(1.82)**	(1.56)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2019

	Notes	2019 *RMB'000*	2018 *RMB'000*
Non-current assets			
Fixed assets			
– Property, plant and equipment		**747,220**	1,055,131
– Interests in leasehold land held for own use under operating leases		**114,094**	117,132
Long-term prepaid rentals		**446,755**	634,361
Investment in an associate		**–**	3,326
Investment in a joint venture		**686**	780
Financial assets at fair value through other comprehensive income		**4,449**	–
Available-for-sale financial assets		**–**	10,070
		1,313,204	1,820,800
Current assets			
Inventories		**4,299**	5,656
Biological assets		**13,732**	11,112
Current portion of long-term prepaid rentals		**24,777**	36,701
Trade and other receivables	10	**106,821**	168,810
Pledged bank deposits		**1,982**	1,400
Cash and cash equivalents		**339,022**	475,965
		490,633	699,644
Current liabilities			
Trade and other payables	11	**68,060**	100,783
Bank borrowings	12	**260,000**	320,000
Income tax payable		**17,804**	17,804
Derivative financial liability		**–**	233
Amount due to a director		**7,102**	6,675
Amount due to a shareholder		**1,343**	–
Convertible notes		**155,029**	–
		509,338	445,495
Net current (liabilities)/assets		**(18,705)**	254,149
Total assets less current liabilities		**1,294,499**	2,074,949

	2019	2018
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred tax liabilities	**69,581**	69,581
Convertible bonds/notes	**–**	124,141
	69,581	193,722
Net assets	**1,224,918**	1,881,227
Capital and reserves		
Share capital	**62,247**	59,062
Reserves	**1,162,671**	1,822,165
Total equity attributable to owners of the Company	**1,224,918**	1,881,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2019

1. BASIS 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 ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange") 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, and certain financial assets and financial liabilities are measured at fair value at the end of each reporting period.

Going concern

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impact on the consolidated financial statements

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

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

HKFRS 9 Financial Instruments

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

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 May 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 May 2018. The difference between carrying amounts as at 30 April 2018 and the carrying amounts as at 1 May 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

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

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

Summary of effects arising from initial application of HKFRS 9

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

Classification and measurement

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

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

From AFS financial assets to financial assets at FVTOCI

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

Impairment of financial assets

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

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

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

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

3. TURNOVER

During the years ended 30 April 2019 and 2018, the Group was principally engaged in the growing, processing and sales of agricultural products, production and sales of consumer food products.

Turnover represents sales value of agricultural products and consumer food products supplied to customers, which is net of value-added tax and other sales taxes, less returns and discounts. The amount of each significant category of revenue recognised in turnover during the year is as follow:

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

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

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

4. OTHER REVENUE AND OTHER GAINS AND LOSSES

(a) Other revenue

	2019	2018
	RMB'000	*RMB'000*
Interest income on financial assets not at fair value through profit or loss		
– interest income from banks	**2,051**	3,668
– interest income from loan receivables	**–**	3,000
Sundry income	**168**	80
Dividend income from financial assets at fair value through profit or loss	**–**	247
	2,219	6,995

(b) Other gains and losses

	2019	2018
	RMB'000	*RMB'000*
Impairment loss recognised on available-for-sale financial assets	**–**	(988)
Net loss on financial assets at fair value through profit or loss	**–**	(596)
Net gain on disposal of available-for-sale financial assets	**–**	1,755
Gain on final settlement on disposal of a subsidiary related to beverage business operations	**–**	72,058
Exchange gain, net	**15**	272
Fair value change in derivative financial liability	**248**	5,046
Gain on disposal of a subsidiary	**–**	2
Reversal of impairment of the financial assets at amortised costs	**1,002**	–
Loss on written-off of inventories	**–**	(6)
	1,265	77,543

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

		2019 *RMB'000*	2018 *RMB'000*
(a)	**Finance costs**		
	Interest on borrowings wholly repayable within five years		
	– interest on convertible bonds/notes	**22,989**	19,155
	– interest on bank borrowings	**23,077**	25,495
		46,066	44,650
(b)	**Staff costs**		
	Contributions to defined contribution retirement plans	**1,313**	1,753
	Share-based payment expenses	**–**	10,590
	Salaries, wages and other benefits	**29,940**	29,531
		31,253	41,874
(c)	**Other items**		
	Amortisation of interests in leasehold land held for own use under operating leases	**3,038**	3,038
	Amortisation of long-term prepaid rentals	**36,704**	42,401
	Depreciation of property, plant and equipment	**102,680**	108,647
	Operating lease charges: minimum lease payment		
	– property rentals	**821**	855
	Auditors' remuneration		
	– audit services	**1,374**	1,344
	– non-audit services	**9**	9
	Cost of inventories sold	**461,608**	439,173
	Loss on disposal of property, plant and equipment	**700**	–

6. INCOME TAX

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

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

Notes:

(i) PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 25% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC for both years.

According to the PRC tax law and its interpretation rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full PRC Enterprise Income Tax exemption derived from such business. The Group's principal subsidiaries which are engaged in qualifying agricultural business are entitled to exemption of PRC Enterprise Income Tax.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2019 and 2018 has been made as the Group has no estimated assessable profits arising in Hong Kong for both years.

(iii) Other Income Tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in Bermuda or the BVI.

7. DIVIDENDS

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

8. LOSS PER SHARE

(a) Basic loss per share

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

(i) Loss attributable to owners of the Company

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

(ii) Number of shares

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

Note:

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

(b) Diluted loss per share

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

For the years ended 30 April 2019 and 2018, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible notes since the effect of such conversion was anti-dilutive.

For the year ended 30 April 2019 and 2018, the computation of diluted loss per share did not assume the exercise of outstanding share options granted during the year ended 30 April 2018 since the effect of such exercise was anti-dilutive.

9. 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.

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 30 April 2019 and 2018 is set out below:

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

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

The measure used for reporting segment loss is "adjusted operating loss". To arrive at "adjusted operating loss", the Group's loss is adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs. Taxation charge is not allocated to reportable segment loss. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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

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

	2019	2018
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**480,858**	516,345
Elimination of inter-segment revenue	**(9,685)**	(9,929)
Consolidated turnover	**471,173**	506,416
Profit or loss		
Reportable segment loss derived from Group's external customers	**(455,198)**	(391,579)
Finance costs	**(43,083)**	(43,678)
Finance income	**742**	5,250
Other revenue and gain	**183**	599
Impairment loss recognised on investment in an associate	**–**	(21,825)
Share of loss of an associate	**(3,545)**	(4,990)
Gain on disposal of a subsidiary	**–**	2
Gain on final settlement on disposal of a subsidiary related to beverage business operations	**–**	72,058
Net gain on disposal of available-for-sale financial assets	**–**	1,755
Impairment loss on available-for-sale financial assets	**–**	(988)
Reversal of expected credit loss	**981**	–
Net loss on financial assets at fair value through profit or loss	**–**	(596)
Unallocated depreciation and amortisation	**(13,221)**	(13,303)
Unallocated head office and corporate expenses	**(132,178)**	(119,197)
Fair value change in derivative financial liability	**248**	5,046
Consolidated loss before taxation	**(645,071)**	(511,446)

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

(c) Geographical information

During the years ended 30 April 2019 and 2018, the Group mainly operated in the PRC and all of the Group's revenue was derived from the PRC, most of the non-current assets of the Group were located in the PRC as at 30 April 2019 and 2018. No analysis of the Group's result and assets by geographical area is disclosed.

(d) Information about major customers

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

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

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

[2] Revenue from fresh produce and processed products.

10. TRADE AND OTHER RECEIVABLES

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

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Of the trade receivables balance at the end of the year of approximately RMB nil (2018: nil) is due from the Group's largest customer. There were five customers who represent more than 5% of the total balance of trade receivables for the year 2019 (2018: Five).

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

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

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

11. TRADE AND OTHER PAYABLES

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

Note:

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

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

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

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

12. BANK BORROWINGS

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

Notes:

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

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

(b) As at 30 April 2019, bank deposits amounting to approximately RMB1,982,000 (2018: RMB1,400,000) had been pledged to secure the Group's bank loans and banking facilities in relation to letter of credit. In addition, certain property, plant and equipment with book value amounting to approximately RMB85,561,000 (2018: RMB90,768,000) had been pledged to secure the Group's bank loans for the purpose of working capital.

(c) No bank borrowing as at 30 April 2019 (2018: RMB20,000,000) is guaranteed by a director and a subsidiary of the Company.

EXTRACTS OF THE INDEPENDENT AUDITOR'S REPORT

The section below sets out an extract of the report by HLB Hodgson Impey Cheng Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for FY2018/19:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of this preliminary announcement of the Group's results for the year ended 30 April 2019 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amount set out in the Group's consolidated financial statements for the year.

The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Results Overview

For the year ended 30 April 2019, the Group was continuously operating two business segments, namely (i) fresh produce and processed products and (ii) branded food products and others. The breakdown of their revenue was as follows:

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

Fresh produce and processed products

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

Multi-Grain Farmland – Baicheng City

As a major cultivation and production base of the Group, the cultivation area of farmland in Baicheng City increased from 144,000 mu as at 30 April 2018 to 182,750 mu as at 30 April 2019. At the same time, the Group will pay more attention to soil quality and water control to reduce the impact of extreme weather and maintain the production capacity. The Group will also closely monitor market demand and adjust production structure in a timely manner.

Branded food products and others

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

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

Gross profit and gross profit margin

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

Other revenue

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

Other gains and losses

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

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

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

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

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

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

Operating Expenses

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

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

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

To diversify its business, the Group subscribed for approximately 36.00% of the enlarged issued capital of GFC Holdings Limited ("GFC") at the consideration of HK$36,000,000 (equivalent to approximately RMB30,611,000) and GFC has become an associate of the Group upon completion of such subscription in July 2017. For the details of the subscription and impairment losses recognized on investment in GFC for FY2017/18, please refer to the Company's announcements dated 17 July 2017 and 4 August 2017 respectively, and the annual report of the Company for the year ended 30 April 2018 (the "2018 Annual Report").

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

Loss Attributable to Owners of the Company

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

Securities Investments

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

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

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

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

Termination of Master Framework and Subscription Agreement

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

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

Extension of Loans

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

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

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

OUTLOOK AND PROSPECTS

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

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

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

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

LITIGATION

HCA 2922/2017

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

On 6 March 2018, the Plaintiffs obtained leave from the Court to amend their statement of claim, which amended version was received by the Company on 31 May 2018.

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

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

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

HCMP 2773/2017

On 2 January 2018, the Company received a petition issued in the Court by Ms. Zhu Xiao Yan (the "Petitioner") against, among other respondents, the Company. This petition proceedings have been stayed pending determination of HCA 2922/2017 upon the Petitioner's undertaking to forthwith apply to withdraw the petition and will not otherwise pursue the same allegations set out in the petition if the Plaintiffs in HCA 2922/2017 were unsuccessful after trial and any appeals.

HCMP 41/2018 is an action commenced by 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 said EGM. If Mr. Kwok is successful in HCMP 41/2018, it is expected that he will replace the board of directors of Convoy Holdings which means that HCA 2922/2017 and accordingly HCMP 2773/2017 will be brought to an end.

For the details of the abovementioned petition, please refer to the Company's announcement dated 3 January 2018, the 2018 Annual Report and the FY2018/19 Interim Report.

HCA 399/2018

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

In respect of the abovementioned action, the Company has been defending the claims vigorously and filed the defence on 13 September 2018 and Convoy Collateral filed its reply on 7 May 2019. There has not been further steps taken since.

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

GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2019, the Group's total cash and cash equivalents amounted to approximately RMB339,022,000 (30 April 2018: approximately RMB475,965,000) whilst the total assets and net assets were approximately RMB1,803,837,000 (30 April 2018: approximately RMB2,520,444,000) and RMB1,224,918,000 (30 April 2018: approximately RMB1,881,227,000) respectively. The Group had current assets of approximately RMB490,633,000 (30 April 2018: approximately RMB699,644,000) and current liabilities of approximately RMB509,338,000 (30 April 2018: approximately RMB445,495,000). The current ratio was 0.96 times (30 April 2018: 1.57 times). The Group's bank borrowings amounted to approximately RMB260,000,000 (30 April 2018: approximately RMB320,000,000), of which secured bank borrowings were approximately RMB260,000,000 (30 April 2018: approximately RMB270,000,000) and unsecured bank borrowings were nil (30 April 2018: approximately RMB50,000,000). The Company's convertible notes amounted to HK$190,000,000 (equivalent to approximately RMB155,029,000) (30 April 2018: approximately RMB124,141,000). The gearing ratio of the Group, defined as the total borrowings and convertible notes to the shareholders' equity, amounted to 33.9% as at 30 April 2019 as compared with 23.6% as at 30 April 2018.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 30 April 2019, the authorised share capital of the Company was HK$1,000,000,000 divided into 5,000,000,000 shares of the Company with par value of HK$0.20 each and the issued share capital was HK$73,031,674 divided into 365,158,370 shares. During the year ended 30 April 2019, the Company has carried out the following events in relation to the capital structure:

Share Consolidation and Change in Board Lot Size

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

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

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

Issue of New Shares under General Mandate

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

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

The Subscription was completed on 17 December 2018. The net proceeds amounted to approximately HK$6 million (equivalent to a net price of approximately HK$0.33 per subscription share), and all had been used by the Company as the Group's operating funds in Hong Kong in the following manners: (i) approximately HK$1.6 million for Directors' remuneration and staff costs; (ii) approximately HK$1.9 million for audit fee and other professional fees in respect of the 2018 Annual Report, FY2018/19 Interim Report and the Share Consolidation; (iii) approximately HK$0.7 million for legal fee; and (iv) approximately HK$1.8 million for other operating expenses.

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

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2019, the Group has contractual capital commitments of approximately RMB192,000 (30 April 2018: approximately RMB192,000).

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

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

PLEDGE ON GROUP'S ASSETS

As at 30 April 2019, certain property, plant and equipment and interests in leasehold land held for own use under operating leases with book value amounting to approximately RMB85,561,000 (30 April 2018: approximately RMB90,768,000) had been pledged to secure the Group's bank loans for the purpose of working capital, and bank deposits amounting to approximately RMB1,982,000 (30 April 2018: approximately RMB1,400,000) had been pledged to secure the Group's bank loans and bank facilities.

Following the redemption of the United States dollars ("US$") settled 7.00% secured convertible bonds due 2016 and the US$ settled 10.00% secured convertible bonds due 2016 in full at their outstanding principal amount plus accrued and default interest payable and accrued to the redemption date on 18 August 2016, the Company has instructed the trustee to proceed with the relevant procedures for the release of the related shares charge, which have not yet been completed as at 30 April 2019 and as at the date of approval of the consolidated financial statements for the year ended 30 April 2019.

FINANCIAL RISK MANAGEMENT

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 April 2019. The revenue, operating costs and bank deposits of the Group are mainly denominated in RMB and HK$. As such, the Group is not exposed to any material foreign currency exchange risk.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Republic of China or other financial institutions authorized to buy and sell foreign currencies.

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

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

Disposal of Shares in China Demeter Financial Investments Limited

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

EVENT AFTER THE REPORTING PERIOD

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

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

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

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

STAFF AND REMUNERATION POLICIES

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

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

FINAL DIVIDEND

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

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 2019.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 2019.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 30 April 2019, the Company was in compliance with all relevant code provisions set out in the CG Code except for the deviations as explained below.

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman and chief executive officer should be divided. Mr. Sun Shao Feng, the chairman of the Company (the "Chairman"), currently performs the chief executive officer (the "CEO") role. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

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

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 18 October 2019 (the "2019 AGM"), the register of members of the Company will be closed from Tuesday, 15 October 2019 to Friday, 18 October 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2019 AGM, all transfers of shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 14 October 2019.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Guo Zebin.

The principal duties of the Audit Committee include the review of the Company's financial reporting system, risk management and internal control systems and financial information of the Group.

The Group's annual results for the year ended 30 April 2019 have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's annual report for the year ended 30 April 2019 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 of the Company 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.

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

Hong Kong, 31 July 2019

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. Wang Jinhuo; and three independent non-executive Directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong and Mr. Guo Zebin.

* *for identification purpose only*