CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 904)

ANNUAL REPORT

2021

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Sun Shao Feng
(Chairman and Chief Executive Officer)
Mr. Wang Jinhuo
Mr. Tong Shun Luen Philip

Non-Executive Director:

Ms. Chen Xiaodan

Independent Non-Executive Directors:

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

COMPANY SECRETARY

Ms. Chan Pui Shan, Bessie

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Wellington Legal

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL BANKER

Standard Chartered Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1106-08, 11th Floor
The Chinese Bank Building
61-65 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

904

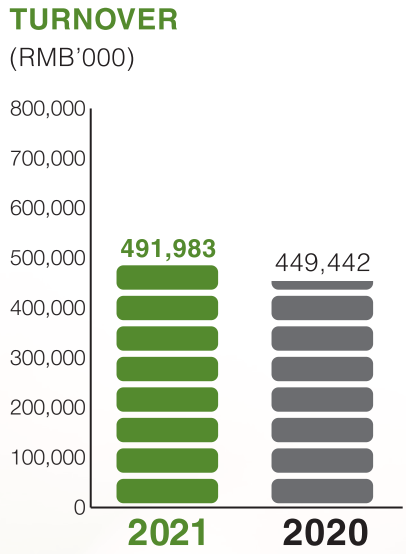
INVESTOR RELATIONS CONTACT

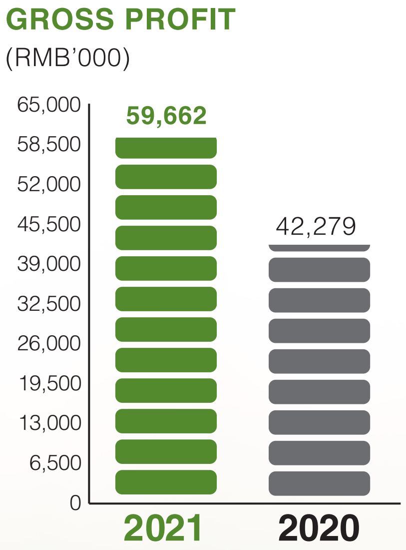
Email: ir@chinagreen.com.hk

WEBSITE

http://www.chinagreen.com.hk

(RMB'000)	**2021**	2020
Revenue		
– Fresh produce and processed products	**342,844**	412,849
– Branded food products and others	**149,139**	36,593
	491,983	449,442
Gross profit	**59,662**	42,279
Gross profit margin	**12.1%**	9.4%
Loss for the year attributable to owners of the Company	**(585,653)**	(846,398)
Basic loss per share (RMB)	**(1.60)**	(2.32)
Key Financial Ratios		
Current Ratio	**0.60 times**	0.56 times
Gearing Ratio	**N/A**	95.3%





RESULTS OVERVIEW

For the year ended 30 April 2021 ("FY2020/21"), China Green (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") continued the operation of 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:

	For the year ended 30 April	
	2021	2020
	RMB'000	RMB'000
– Fresh produce and processed products	**342,844**	412,849
– Branded food products and others	**149,139**	36,593
Total	**491,983**	449,442

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, broad beans and tomatoes, multi-grains such as red beans, green beans and peanuts, frozen fruits and vegetables such as frozen water chestnuts, frozen taro, and rice flour. During FY2020/21, revenue from this segment amounted to approximately RMB342,844,000 (for the year ended 30 April 2020 ("FY2019/20"): approximately RMB412,849,000), which decreased by 16.96% compared with that of the last year. The decrease was mainly due to the change in classification criteria applied for the two business segments during the year as compared to that of the previous financial year.

Multi-Grain Farmland – Baicheng City

As a major cultivation and production base of the Group, the cultivation area of farmland in Baicheng City slightly increased as compared to the area as at 30 April 2020. 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 on a timely basis.

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 FY2020/21, revenue from this segment was approximately RMB149,139,000 (FY2019/20: approximately RMB36,593,000), which increased by 307.56% compared with that of the last year, which was mainly due to the change in classification criteria applied for the two business segments during the year as compared to that of the previous financial year. Among all categories of branded food products and other products, soy beans, frozen sweet corn kernels and crescent rice are top 3 best sellers, which sales figure was approximately RMB104,425,000, RMB3,729,000 and RMB3,608,000 respectively, accounting for approximately 74.94% of the total revenue from the Group's business segment of branded food products and others business in aggregate.

Gross profit and gross profit margin

During FY2020/21, the Group recorded a gross profit and gross profit margin of approximately RMB59,662,000 and 12.1% (FY2019/20: gross profit and gross profit margin of approximately RMB42,279,000 and 9.4%). The increase in both gross profit and gross profit margin was mainly attributable to (a) the increase in revenue as driven by the increase in sales price and volume of the Group's fresh produce and processed products business segment, as well as the lowered production costs resulting from certain expenses became fully amortised; and (b) the stabilisation of the pandemic prevention and control situation in the People's Republic of China ("PRC" or "China") since the second half of 2020 and the gradual recovery of the consumer atmosphere, which led to the increase in revenue generated from the Group's branded food products and others business segment.

Other revenue

Other revenue increased from approximately RMB1,240,000 in FY2019/20 to approximately RMB1,380,000 in FY2020/21, which was mainly attributable to the increase in other operating revenue of approximately RMB684,000.

Other losses

During FY2020/21, the Group recorded a net loss of other losses of approximately RMB5,000 (FY2019/20: approximately RMB407,000). The decrease in net loss was mainly attributable to the absence of loss on disposal of a subsidiary in FY2020/21.

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 RMB9,668,000 as compared with a gain of approximately RMB8,225,000 in FY2019/20. Such gain is mainly attributable to (a) the increase of market price of certain biological assets such as peanuts and lotus roots as at 30 April 2021; and (b) the decrease in production costs with certain expenses that were included therein had been fully amortised.

Impairment loss on property, plant and equipment

During FY2020/21, the Group recognised impairment loss on property, plant and equipment of approximately RMB113,649,000 (FY2019/20: approximately RMB166,552,000).

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

Impairment loss on right-of-use assets

The impairment loss in respect of long term prepaid rentals was approximately RMB290,189,000 (FY2019/20: approximately RMB379,496,000).

The decrease in impairment loss was mainly due to (a) certain right-of-use assets became fully amortised during the financial year; and (b) the stabilisation of the pandemic prevention and control situation in the PRC since the second half of 2020 and the gradual recovery of the consumer atmosphere, coupled with the enhancement in the quality of the Group's fresh produce and the related product structure adjustment during the financial year, which led to the increase in both the sales price and volume of the Group's products, resulting in an increase in the estimated future cash flows from the long-term leased farmlands. As a result, the impairment loss on right-of-use assets decreased as compared to that as at FY2019/20.

The above-mentioned losses are non-cash in nature and have no significant impact on the Group's cash flows for FY2020/21 accordingly.

Operating expenses

Total operating expenses decreased to approximately RMB171,255,000 (FY2019/20: approximately RMB271,863,000). Selling and distribution expenses amounted to approximately RMB18,919,000 (FY2019/20: approximately RMB42,035,000), representing a decrease of approximately 54.99%. This was due to the decrease in advertising and promotion costs of the branded food products and others business in FY2020/21. General and administrative expenses amounted to approximately RMB152,336,000 (FY2019/20: approximately RMB229,828,000), representing a decrease of approximately 33.72%, mainly due to (a) in view of the timeliness of research and development, a decrease in the product research and development expenses incurred in the current financial year as compared to FY2019/20 as the investments in product research and development during the financial year is currently in the research and development stage; and (b) enhancement in corporate governance, streamlining headcount and rationalising the Group's various expenses, while focusing on the principal businesses and continuously refining products and services.

Loss attributable to owners of the Company

During FY2020/21, loss attributable to owners of the Company was approximately RMB585,653,000 (FY2019/20: approximately RMB846,398,000). The decrease was mainly due to (a) lower operating expenses; and (b) lower impairment losses recognised in respect of property, plant and equipment and right-of-use assets as explained in the above paragraphs.

OUTLOOK AND PROSPECTS

Despite the short-term impact of the COVID-19 pandemic on the relevant industries, the long-term development trend of the consumer market remains promising. The consumer sentiment in China gradually recovered in the second and third quarters of 2020 as the situation of the outbreak in China has stabilised. To mitigate the negative pandemic impact on the Group's sales, the Group strengthened its new retail channel layout and promotion initiatives in the second half of 2020. These measures had boosted the Group's sales performance during this difficult year.

In the face of the challenges and opportunities ahead, we will continue to uphold the Group's development philosophy and implement its plans and strategies for the new development landscape, stay true to our original vision, focus on our principal business, continuously refine our products and services and prepare for the future. With a thorough understanding of the changing market trends and consumer needs, the Group will focus on fulfilling the consumers' pursuit of quality, healthy and nutritious food products, and seize the opportunities for innovative development in the sectors of household consumption and new consumption in a timely manner.

The Group will continue to strive to enhance its corporate governance, leverage its strengths in the industrial chain and experience in brand operation, optimise its structural adjustments and create products that embody its core competitive advantages. We will fully capitalise the opportunities presented by the national policies to enhance our development to meet the changes in consumer habits and consumption patterns and consolidate and improve our competitiveness. We will also actively expand new channels to provide consumers with high quality products.

UNCERTAINTIES RELATING TO GOING CONCERN

For the year ended 30 April 2021, the Group incurred a loss of approximately RMB585,653,000 (2020: approximately RMB846,398,000) and a net cash inflow from operating activities of approximately RMB35,980,000 (2020: cash outflow of approximately RMB180,010,000). As at 30 April 2021, the Group had net current liabilities of approximately RMB256,588,000 (2020: approximately RMB220,210,000) and net liabilities of approximately RMB191,093,000 (2020: net assets of approximately RMB364,739,000). In addition, the Group's convertible notes with principal amount of HK$190,000,000 (equivalent to approximately RMB158,288,000) was matured on 22 August 2019 and together with the accrued interests of HK$38,760,000 (equivalent to approximately RMB32,291,000) was not paid as at 30 April 2021 and as at the date of approval for issuance of these consolidated financial statements. As at 30 April 2021, the Group's bank borrowings of RMB239,000,000 will be due for repayment in June 2021 and September 2021.

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 its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay its liabilities, including the outstanding convertible notes and bank borrowings, and be able to finance its future working capital and liquidity requirements.

Certain measures have been and will be taken to manage the liquidity needs of the Group and to improve its financial position which include, but are not limited to, the following:

1. Mr. Sun Shao Feng, the chairman, chief executive officer and executive Director, has provided a written confirmation that he is willing to continue to provide financial support to the Group to enable the Group to continue as a going concern;

2. As at the date of approval of these consolidated financial statements, the Group is actively exploring, formulating and negotiating feasible debt restructuring plans with the convertible notes holder's representatives;

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

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

5. The Group will successfully undertake alternative capital raising transaction to strengthen the capital base of the Group; and

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

Having considered the above and with review to a cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 30 April 2021 on a going concern basis.

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

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

LITIGATION

HCA 2922/2017

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

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

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

On 12 July 2019, the Plaintiffs obtained leave from the Court to file its Re-Amended Statement of Claim. The Company's Amended Defence was filed on 30 August 2019.

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

On 2 March 2021, the Plaintiffs filed their Re-Re-Re-Amended Statement of Claim. The Company has sought legal advice and will defend the claims vigorously.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively.

HCMP 2773/2017

On 2 January 2018, the Company received a petition issued in the Court by Ms. Zhu Xiao Yan (the "Petitioner") against, among other respondents, the Company. 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.

There has not been any further steps taken in these proceedings since September 2020.

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

The Company understanding that at the hearing HCMP 41/2018 in August 2018, the justice determined in favor of defendants therein in respect of certain issue and adjourned the remainder of the issue to be heard in July 2019. The Company however was not aware of the results of the hearing in July 2019 and there has not been any further steps taken in these proceedings since July 2019.

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

HCA 399/2018

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

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

For details about the above mentioned action, please refer to the Company's announcement dated 14 February 2018.

EVENTS AFTER THE YEAR

Placing of New Shares under General Mandate

On 25 June 2021, the Company entered into a placing agreement with Yuet Sheung International Securities Limited (the "Placing Agent") as the placing agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis of not less than six placees, who and whose ultimate beneficial owners will be independent third parties of the Company and its connected persons, to subscribe for up to a maximum of 73,031,674 new shares of the Company at par value of HK$0.2 each (the "Placing Shares") with nominal value of HK$14,606,334.8 at the placing price of HK$0.2 per Placing Share (the "Placing"). The placing price of HK$0.2 represents a discount of approximately 6.98% to the closing price of HK$0.215 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 June 2021.

The reason for carrying out the Placing was to strengthen the Group's financial position and widen the Company's shareholder base.

The Placing was completed on 21 July 2021. An aggregate of 73,031,674 Placing Shares were issued and allotted to not less than six placees under the general mandate granted to the Directors by a resolution of the shareholders of the Company (the "Shareholders") passed at the adjourned annual general meeting of the Company held on 4 December 2020.

The net proceeds amounted to approximately HK$14.2 million (equivalent to a net price of approximately HK$0.194 per Placing Share) has not yet been utilized. The Company intends to apply the net proceeds from the Placing as to (i) not more than HK$10,000,000 for any suitable investment when opportunities arise; and (ii) the remaining net proceeds of the Placing will be used as the general working capital of the Group, which is expected to be utilized by 31 December 2021.

For details of the Placing, please refer to the Company's announcements dated 25 June 2021 and 21 July 2021.

Proposed Issue of 5.5 per cent. coupon bonds due 2024

On 10 May 2021, the Company as issuer and Forest Resources Management Limited (the "Underwriter") as lead underwriter, entered into a framework agreement (the "Framework Agreement") pursuant to which the Underwriter agreed to act as lead underwriter of the Company, assist the Company to issue the 5.5% per annum bonds in an aggregate principal amount of up to US$30,000,000 with maturity date of three years from the date of issue (the "Bonds"). The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company which will rank equally and without any preference amongst themselves and at all times rank at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company, and the subscribers of the Bonds and their ultimate beneficial owners (if applicable) shall be third parties independent of the Company, its connected persons and their respective associates and not connected with the Company and any of the above persons.

On 11 August 2021, the Company and the Underwriter entered into a supplemental agreement to the Framework Agreement, pursuant to which the parties will negotiate and enter into a formal agreement pursuant to which the Underwriter shall, on a best endeavour basis during the period commence from the date of such agreement and up to (and including) 9 October 2021 to procure the subscribers to subscribe for the Bonds.

As at the date of this report, no formal agreement in respect of the issue of Bonds has been entered into between the Company and the Underwriter. For details, please refer to the Company's announcements dated 10 May 2021 and 11 August 2021.

Entering into the Land and Above-ground Assets Acquisition Agreement

On 12 August 2021, 中綠(湖北)食品開發有限公司(Zhonglu (Hubei) Food Development Limited*)("Zhonglu Hubei"), an indirect wholly-owned subsidiary of the Company, Changyang Tujia Autonomous County Land Reserve Center (長陽土家族自治縣土地儲備中心) (the "Land Reserve Center") and The People's Government of Gaojiayan Town at Changyang Tujia Autonomous County, Yichang City, Hubei Province, the PRC (中國湖北省宜昌市長陽土家族自治縣高家堰鎮人民政府) ("The Gaojiayan Town People's Government") entered into the Land and Above-ground Assets Acquisition Agreement (土地及地上資產收購合同), pursuant to which, Zhonglu Hubei agreed to dispose and the Land Reserve Center agreed to acquire Zhonglu Hubei's land use right of a parcel of state-owned land for construction, which is located in Gaojiayan Town, Changyang Tujia Autonomous County, Hubei Province, together with the above-ground assets (the "Hubei Transaction"). The relevant land in Hubei and the relevant assets on such land is a parcel of industrial land with area of approximately 9,510.46 square metres and building with area of approximately 3,828.65 square metres respectively. The consideration for the Hubei Transaction is RMB4,800,000.

The Hubei Transaction has been completed on 19 August 2021. For the details of the Hubei Transaction, please refer to the announcement of the Company dated 13 August 2021.

Entering into the Resumption Agreement for the Land Use Right of State-Owned Land for Construction

On 12 August 2021, 中綠(河北)食品開發有限公司(Zhonglu (Hebei) Food Development Limited*)("Zhonglu Hebei"), an indirect wholly-owned subsidiary of the Company, and The People's Government of Wanquan County at Zhangjiakou Municipal (張家口市萬全區人民政府) entered into the Resumption Agreement for the Land Use Right of State-owned Land for Construction (the "Resumption Agreement for the Land Use Right of State-Owned Land for Construction"), pursuant to which, The People's Government of Wanquan County at Zhangjiakou Municipal will resume the land use right of a parcel of state-owned land for construction located in the West of Aimin Road, Wanquan County, Zhangjiakou Municipal, Hebei Province, the PRC (中國河北省張家口市萬全區城區愛民路西) together with the plant and fixtures constructed thereon from Zhonglu Hebei (the "Hebei Transaction"). The relevant land in Hebei is a parcel of industrial land with total area of 19,740.84 square metres. The compensation payable to Zhonglu Hebei for the resumption of the relevant land in Hebei is RMB14,097,374.64. The aforesaid compensation is the compensation for the plant and fixtures erected thereon contemplated under the Resumption Agreement for the Land Use Right of State-Owned Land for Construction and the costs of dismount, transportation and installation of the equipment involved, and no compensation for the land use right of the state-owned land for construction.

As at the date of this report, the Hebei Transaction has not yet completed. For the details of the Hebei Transaction, please refer to the announcement of the Company dated 13 August 2021.

Disposal of Financial Asset

On 13 August 2021, the Company entered into an equity transfer agreement (the "Equity Transfer Agreement") with a company limited by shares incorporated in Hong Kong (the "Purchaser") in respect of the disposal of the Company's investment in financial asset (the "Financial Asset"), being 4.49% equity interest in a Hong Kong unlisted company, at the consideration of HK$100,000 (the "Disposal of Financial Asset").

Pursuant to the Equity Transfer Agreement, the Company shall transfer the Financial Asset to the Purchaser upon signing of the Equity Transfer Agreement and the Purchaser shall entitle to all rights and benefits of the Financial Asset absolutely, including legal title, distribution of profits and disposition of such Financial Asset; and the consideration shall be paid in cash by the Purchaser to the Company within 2 business days after the signing of the Equity Transfer Agreement.

The Disposal of Financial Asset had been completed on 13 August 2021 and necessary equity transfer procedure has been fulfilled and the consideration has been received by the Company. For details, please refer to the Company's announcement dated 13 August 2021.

Upon completion of the Disposal of Financial Asset, the matter leading to the audit disclaimer opinion on the scope limitation on financial assets at fair value through other comprehensive income has been resolved and addressed. After discussed with HLB Hodgson Impey Cheng Limited, the auditor of the Company, the Board expected that such audit disclaimer opinion related to financial assets at fair value through other comprehensive income will not have continuous effect in the financial statements of the Group as at 30 April 2022.

GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2021, the Group's total cash and cash equivalents amounted to approximately RMB147,147,000 (30 April 2020: approximately RMB44,690,000) whilst the total assets and net liabilities were approximately RMB977,111,000 (30 April 2020: approximately RMB1,398,878,000) and RMB191,093,000 (30 April 2020: net assets of approximately RMB364,739,000) respectively. The Group had current assets of approximately RMB391,807,000 (30 April 2020: approximately RMB278,543,000) and current liabilities of approximately RMB648,395,000 (30 April 2020: approximately RMB498,753,000). The current ratio was 0.60 times (30 April 2020: 0.56 times). The Group's bank borrowings amounted to approximately RMB239,000,000 (30 April 2020: approximately RMB165,000,000), of which secured bank borrowings were approximately RMB239,000,000 (30 April 2020: approximately RMB165,000,000). The Restated Convertible Notes (as defined below) amounted to HK$190,000,000 (equivalent to approximately RMB158,288,000) (30 April 2020: approximately RMB173,167,000). The gearing ratio of the Group, defined as the total borrowings and convertible notes to the shareholders' equity, was not applicable as at 30 April 2021 and the gearing ratio as at 30 April 2020 amounted to 95.3%.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

There was no change to the Company's capital structure during the year ended 30 April 2021. As at 30 April 2021, the authorised share capital of the Company was HK$1,000,000,000 divided into 5,000,000,000 shares of the Company with par value of HK$0.20 each and the issued share capital was HK$73,031,674 divided into 365,158,370 shares.

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

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

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

Pursuant to the terms and conditions of the Restated Convertible Notes, the Restated Convertible Notes are subject to redemption by the Company on 22 August 2019, being the date falling on the third anniversary of the date of the issue of the Convertible Notes. As at the date of approval of the consolidated financial statements of the Group for the year ended 30 April 2021, the Company is in discussion with the Noteholder through intermediaries to work out a repayment plan. As such, pursuant to the respective terms and conditions of the Restated Convertible Notes, the foregoing constitutes a potential event of default under the Restated Convertible Notes and default interest will accrue on the outstanding amount to the Noteholder.

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 April 2021, the Group did not have contractual capital commitments (30 April 2020: Nil).

As at 30 April 2021, the Group had not provided any form of guarantee for any companies outside the Group and no provision for contingent liabilities (30 April 2020: Nil) had been made by the Group due to the involvement in litigation.

PLEDGE ON GROUP'S ASSETS

As at 30 April 2021, certain property, plant and equipment and interests in leasehold land held for own use under operating leases with book value amounting to approximately RMB76,200,000 (30 April 2020: approximately RMB80,353,000) had been pledged to secure the Group's bank loans for the purpose of working capital, and bank deposits amounting to approximately RMB7,500,000 (30 April 2020: approximately RMB6,750,000) 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 2021 and as at the date of approval of the consolidated financial statements of the Group for the year ended 30 April 2021.

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 2021. The revenue, operating costs and bank deposits of the Group are mainly denominated in RMB and HK$. As such, the Group is not exposed to any material foreign currency exchange risk.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the PRC or other financial institutions authorized to buy and sell foreign currencies.

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

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 30 April 2021 and did not have any significant investment held as at 30 April 2021.

STAFF, TRAINING AND REMUNERATION POLICIES

As at 30 April 2021, the Group had a total of 284 employees, of which 146 were workers at the Group's cultivation bases. The aggregate employee compensation and Directors' remuneration for the year ended 30 April 2021 was approximately RMB24,512,000 (for the year ended 30 April 2020: approximately RMB28,032,000).

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

* *For identification purpose only*

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the Shareholders' value.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. During the year ended 30 April 2021, 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 appropriate insurance cover in respect of legal action against directors should be arranged. Currently, the Company does not have insurance cover for legal action against the Directors. The Board believes that with the current risk management and internal control systems and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in the capacity as Directors is relatively low. Benefits to be derived from taking out insurance may not outweigh the cost. Despite it, every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the bye-laws of the Company. In view of the above, the Board considers that the Directors' exposure to risk is manageable.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year ended 30 April 2021.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategies as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall strategies of the Group, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The Board has delegated to the management the authority and responsibility for daily management of the Group, implementation of strategies approved by the Board, monitoring operating budgets, implementation of internal control procedures, and ensuring compliance with relevant statutory requirements and other rules and regulations. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of seven Directors including three executive Directors, one non-executive Director and three independent non-executive Directors representing more than one-third of the Board:

Executive Directors
Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Wang Jinhuo
Mr. Tong Shun Luen Philip *(appointed with effect from 1 June 2021)*

Non-executive Director
Ms. Chen Xiaodan *(appointed with effect from 1 June 2021)*

Independent Non-executive Directors
Mr. Hu Ji Rong
Mr. Wei Xiongwen
Mr. Guo Zebin

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board is composed to ensure strong independence existed across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical details of Directors are set out on pages 35 to 38 under the section headed "Biographies of Directors".

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The corporate governance committee of the Company (the "Corporate Governance Committee") is delegated the responsibility by the Board of reviewing and monitoring the training and continuous professional development of the Directors and senior management.

All Directors have participated in continuous professional development and provided a record of training they received for the year ended 30 April 2021 to the Company. During the year ended 30 April 2021, each of the Directors participated in continuous professional development by reading materials relating to the discharge of their duties and responsibilities and regulatory updates.

Chairman and Chief Executive Officer

The roles of Chairman and CEO are not separate and Mr. Sun Shao Feng currently performs these two roles.

Independent Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of law, accounting, agricultural product processing and storage engineering, and have extensive international business network. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gave an annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules, and the Company considers that all independent non-executive Directors are independent.

Mr. Hu Ji Rong, Mr. Wei Xiongwen and Mr. Guo Zebin, being all the independent non-executive Directors, were appointed for a term of 2 years and subject to retirement by rotation.

Attendance at Board Meetings, the Board Committee Meetings and General Meetings

Attendance of each Directors at the Board meetings, Board committee meetings and general meetings held during the year ended 30 April 2021 is set out as follows:

Attendance Records

	Number of attendance					
Name of Directors	Board Meetings	General Meetings	Audit Committee's Meetings	Nomination Committee's Meeting	Remuneration Committee's Meeting	Corporate Governance Committee's Meetings
Executive Directors:						
Mr. Sun Shao Feng *(Chairman and CEO)*	4/4	2/2	N/A	N/A	N/A	N/A
Mr. Wang Jinhuo	4/4	2/2	N/A	1/1	1/1	2/2
Mr. Tong Shun Luen Philip *(appointed with effect from 1 June 2021)*	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive Director:						
Ms. Chen Xiaodan *(appointed with effect from 1 June 2021)*	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors:						
Mr. Hu Ji Rong	4/4	2/2	4/4	1/1	1/1	2/2
Mr. Wei Xiongwen	4/4	2/2	4/4	1/1	1/1	2/2
Mr. Guo Zebin	4/4	2/2	4/4	N/A	N/A	N/A

Board Meetings

The Company planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order to ensure that all Directors could plan in advance their availability to attend the scheduled Board meetings. Additional meetings will be held as and when required. During the regular meetings of the Board, the Board reviewed the operation and financial performance, and reviewed and approved the annual and interim results.

During the year ended 30 April 2021, the Board held 4 meetings and passed resolutions by way of written resolutions. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings, and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Board minutes are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection by the Directors. All Board members are entitled to have access to Board papers and related materials and have unrestricted access to the advice and services of the Company Secretary, and have the liberty to seek external professional advice upon reasonable request.

General Meetings

During the year ended 30 April 2021, 2 general meetings of the Company were held, being the annual general meeting held on 30 October 2020 and the adjourned annual general meeting held on 4 December 2020.

The Board is responsible for maintaining an on-going dialogue with the Shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

AUDIT COMMITTEE

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

The terms of reference of the Audit Committee adopted by the Board are aligned with the Listing Rules and code provisions set out in the CG Code, and are currently made available on the websites of the Stock Exchange and the Company.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; reviewing, in draft form, the interim and annual reports and accounts of the Group and significant financial reporting judgements contained therein; and overseeing the Company's financial reporting system, and the risk management and internal control systems.

During the year ended 30 April 2021, the Audit Committee held 4 meetings at which the members of the Audit Committee (i) reviewed the engagement letter from the auditors of the Company for the audit of the Group's financial statements and the engagement letter from a professional consultant for the review on the Group's internal control environment; (ii) reviewed the Group's interim and annual financial statements and the related results announcement, documents and other matters or issues raised by the auditors of the Company, and recommended the re-appointment of the auditors; and (iii) reviewed the internal control and risk management systems of the Group. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and other legal requirements in the review of the Company's interim and annual reports.

The consolidated financial statements for the year ended 30 April 2021 have been reviewed by the Audit Committee and the Audit Committee is of the opinion that such financial statements are complied with applicable accounting standards, the Listing Rules and other legal requirements and that adequate disclosures have been made.

The Audit Committee also reviewed the Company's financial reporting system, internal control and risk management systems and noted that review of the same shall be carried out annually.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") currently consists of two independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Wang Jinhuo.

The terms of reference of the Nomination Committee adopted by the Board are aligned with the code provisions set out in the CG Code, and are currently made available on the websites of the Stock Exchange and the Company.

The Nomination Committee is mainly responsible for reviewing the structure, size and diversity of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and CEO.

The Board adopted a board diversity policy (the "Board Diversity Policy") on 2 September 2013 and delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors. The Board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will discuss and review the measurable objectives for implementing the Board Diversity Policy from time to time to ensure their appropriateness and that the progress made towards achieving those objectives will be ascertained. The Nomination Committee will also review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. After assessing the suitability of the Directors' skills and experience relevant to the Company's business, the Nomination Committee considered that the existing Board was suitably qualified with professional backgrounds and/or equipped with extensive expertise for the purposes of providing direction to and oversight of the Group's strategic and business in achieving its objectives.

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

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

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

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

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

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

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

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

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

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

During the year ended 30 April 2021, the Nomination Committee held 1 meeting, at which the Nomination Committee (i) reviewed the Board structure and composition, (ii) recommended the re-election of retiring Directors, and (iii) assessed the independence of the independent non-executive Directors.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of two independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Wang Jinhuo.

The terms of reference of the Remuneration Committee adopted by the Board are aligned with the code provisions set out in the CG Code, and are currently made available on the websites of the Stock Exchange and the Company.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on remuneration packages of the Directors and the senior management with reference to their duties and responsibilities, and the prevailing market conditions.

During the year ended 30 April 2021, the Remuneration Committee held 1 meeting, at which the Remuneration Committee reviewed the policy and structure of remuneration of the Directors and senior management.

The Company has adopted a share option scheme on 18 October 2013 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution of the Group. Details of the Share Option Scheme are set out in the Directors' Report. The emolument payable to Directors and senior management will depend on their respective contractual terms under service agreement/appointment letter and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions.

The remuneration of the senior management (comprising Directors) of the Company for the year ended 30 April 2021, by band is set out below:

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

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

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises two independent non-executive Directors and an executive Director, namely Mr. Hu Ji Rong (as committee chairman), Mr. Wei Xiongwen and Mr. Wang Jinhuo.

Terms of reference of the Corporate Governance Committee adopted by the Board are aligned with the code provisions set out in the CG Code.

The Corporate Governance Committee is mainly responsible for developing and reviewing the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and making recommendations to the Board; as well as reviewing the Company's disclosure in the Corporate Governance Report and relevant corporate governance matters.

During the year ended 30 April 2021, the Corporate Governance Committee held 2 meetings, at which the Corporate Governance Committee reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of Directors, the Company's compliance with the CG Code and disclosure in Corporate Governance Report.

AUDITORS' REMUNERATION

During the year ended 30 April 2021, the remuneration paid/payable to the Company's auditors, HLB Hodgson Impey Cheng Limited, in respect of audit services was RMB1,394,000.

There was no non-audit services provided by the auditors of the Company during the year ended 30 April 2021.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("Uni-1"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs.

Ms. Chan Pui Shan, Bessie ("Ms. Chan"), the representative of Uni-1, was appointed as the Company Secretary on 17 October 2015.

Mr. Wang Jinhuo, an executive Director, is the primary point of contact at the Company for the Company Secretary.

According to the Rule 3.29 of the Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the year ended 30 April 2021.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting.

Shareholders to convene a special general meeting

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the bye-laws of the Company and the Companies Act of Bermuda. The procedure Shareholders can use to convene a special general meeting is set out in the documents entitled "Procedures for a Shareholder to Propose a Person for Election as a Director", which is currently available on the Company's website.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by Shareholders at general meeting

The number of members necessary for a requisition for putting forward a proposal at a general meeting shall be:

(a) any number of members representing not less than one-twentieth of the total voting rights at the date of the requisition; or

(b) not less than one hundred members.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or to circulate any necessary statement, at the Company's registered office in the case of:

(i) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the forthcoming annual general meeting of the Company will be voted by poll.

DIVIDEND POLICY

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

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

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 30 April 2021.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to the Shareholders.

Information of the Company is disseminated to the Shareholders in the following manner:

- Delivery of annual and interim reports to all Shareholders;

- Publication of announcements on the annual and interim results on the websites of the Stock Exchange and the Company, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and

- The general meeting of the Company is also an effective communication channel between the Board and the Shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 30 April 2021, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

As disclosed in the independent auditors' report and Note 2.1 to the consolidated financial statements, the auditors of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 30 April 2021 related to, among other matters, the material uncertainties related to going concern and its basis. Please refer to the paragraph headed "Uncertainties Relating to Going Concern" in the "Management Discussion and Analysis" section contained in this Annual Report for details regarding the management position, the view of the Directors and the Audit Committee and the action plan to resolve the related issues.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT

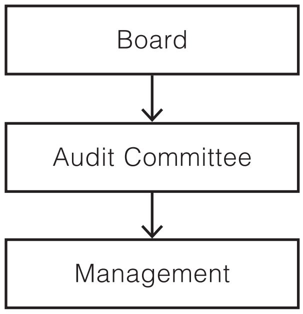
The Board's Responsibilities for the Risk Management and Internal Control Systems

The Board acknowledges that it is responsible for the risk management and internal control systems and oversees such systems on an ongoing basis, while ensuring a review of the effectiveness of these systems of the Group being conducted at least annually. The scope of such review covers all material controls, including financial, operational and compliance controls. The Group's risk management and internal control systems are designed to manage risks rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the year ended 30 April 2021.

Main Features of the Risk Management System

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



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

Role	Major Responsibilities
Audit Committee	– reviews the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance controls;
	– reviews the emerging risks of the Group annually, and the risk management and the internal controls in place to address those risks;
	– discusses the risk management and internal control systems with management of the Group to ensure that the management of the Group has performed its duty to have effective systems; and
	– considers major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the responses of the Group's management to these findings.
Management	– designs, implements and ongoing assesses the Group's risk management and internal control systems;
	– gives prompt responses to, and follow up on the findings on risk management and internal control matters as delegated by the Board, on Audit Committee's initiative or raised by the external risk management and internal control review advisor(s); and
	– provides confirmation to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems.

Main Features of the Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

Control Environment	–	a set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
Risk Assessment	–	a dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
Control Activities	–	actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
Information and Communication	–	internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
Monitoring	–	ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

Process used to Identify, Evaluate and Manage Significant Risks

Identification	–	identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
Evaluation	–	analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
Management	–	consider the risk responses, set up dedicated task force to consider relevant alleviating measures as and when necessary, ensure effective communication with the Group (including the Board) and on-going monitor of the residual risks.

Process used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects

Review report of internal control and risk management systems is submitted to the Audit Committee and the Board annually. The Board, through the Audit Committee, performs a review on the effectiveness of the Group's risk management and internal control systems, including, but not limited to, (i) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, (iii) the extent and frequency of communication of monitoring results with the Audit Committee and the Board which enables them to assess control of the Company and the effectiveness of risk management, (iv) significant control failings or weaknesses that have been identified, and (v) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

The Company engaged an external advisory firm to conduct a review on the Group's internal control environment for the year ended 30 April 2021 and assist the Group of the adoption and implementation of the Enterprise Risk Management systems. Results of the review were reported to the Audit Committee and the Board. Based on the findings and recommendations of the external advisory firm and confirmation of the management as well as the recommendation of the Audit Committee, the Board considered the risk management and internal control systems are effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls and risk management functions of the Group were identified. The scope of such review covers the adequacy of resources, training programmes, budgets, qualifications and experience of staff of the Group's accounting and financial reporting functions and their attitude against internal control of the Group. The Board will continue to work with the management to discuss and follow up on the status of remediation of the internal control weaknesses, if any, and to monitor the risks of the Group in the coming years.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

Certain measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include the following:

– the access to information is restricted to a limited number of employees on a need to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

– all employees are required to strictly adhere to the employment terms regarding the management of confidential information.

– code names are assigned to confidential projects so that any reference to them would not be linked to the projects themselves to minimize possibilities of unintentional leakage.

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, are likely to be in possession of inside information in relation to the Company, are required to comply with the Model Code.

The Group complies with the requirements of the Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in the announcements or circulars of the Company is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

EXECUTIVE DIRECTORS

Mr. Sun Shao Feng (孫少鋒) ("Mr. Sun"), aged 56, is the founder of the Group, the Chairman, CEO and executive Director. He is also an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules and director of most of the subsidiaries of the Company. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He graduated in July 2002 from Correspondence College of the Central School of the Communist Party of China (中共中央黨校函授學院), majoring in Economics and Management. He has many years of management experience in the agricultural industry. Prior to joining the Group in May 1998, he had worked for the government office of Fuzhou City (福州市委). He was a committee member of the Chinese People's Political Consultative Conference of the Fujian Province Quanzhou City (中國人民政治協商會議泉州市委員會) and the vice-president of the Hui An County Association of Industry and Commerce (惠安縣工商業聯合會). Mr. Sun's accomplishment is widely recognized by the government of the PRC. In 2000, he was accredited with the top 10 young entrepreneurs as well as the Model Labour of Quanzhou City. In 2001, he was nominated by the Central Office of the Communist Youth Group (共青團中央辦公廳) as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人). In 2009, he was honorably awarded the "2009 Top 10 Outstanding Chinese Agricultural Economics Industry Entrepreneurs" (「2009中國農經產業十大優秀企業家」) during the "Third Session China Agricultural Economics Industry Development Forum" (「第三屆中國農經產業發展論壇」) ("Forum") and the "2009 China Agricultural Economics Industry Elite Ceremony" (「二零零九中國農經產業傑出人物頒獎典禮」) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum. In 2010, he was honorably awarded the "Award for Outstanding Contribution for Fujian Merchants in Haixi" (「閩商建設海西突出貢獻獎」) by Fujian Provincial People's Government (福建省人民政府). In 2012, he was elected as the representative of the fourteenth Municipal People's Congress of Xiamen City (廈門市第十四屆人民代表大會), and was re-elected as the member of the Municipal Committee of the eleventh Chinese People's Political Consultative Conference of Quanzhou City (第十一屆泉州市政協委員會). In 2016, Mr. Sun served as president of the sixth executive commission (council) of Federation of Industry and Commerce of Huli District, Xiamen City (廈門市湖里區工商聯第六屆執委(理事)會), and the vice president of the thirteenth session of Federation of Industry and Commerce of Xiamen City (廈門市工商聯). In 2017, Mr. Sun was honorably awarded the "2017 Most Wealthy and Intelligent Figures" (「2017最佳財智人物」) by the sixth China Finance Summit (第六屆中國財經峰會). Mr. Sun is a director of Capital Mate Limited, which is interested in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

BIOGRAPHIES OF DIRECTORS

Mr. Wang Jinhuo (王金火) ("Mr. Wang"), aged 44, was appointed as an executive Director with effect from 1 September 2017. He also serves as the deputy director of finance division of the Group and is mainly responsible for accounting, budget management and financial management of the Group. He graduated from the University of Science and Technology Beijing majoring in financial management. Mr. Wang joined the Group in 2000 and held positions including director of investment division and director of securities division of the Group. He has over 18 years of experience in financial management. He is also a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee.

Mr. Tong Shun Luen Philip (唐信聯) ("Mr. Tong"), aged 55, was appointed as an executive Director with effect from 1 June 2021. He holds a degree from the University of Alberta. Mr. Tong has more than 20 years of working experience in the investment, food and logistics industries. Before joining the Group, he worked in a number of multinational companies. During his working career for more than 20 years, Mr. Tong has held various leadership positions in management and market research, and has a rich knowledge and in-depth understanding of Asian and international brands. In addition, he has extensive experience and extensive contacts in international trade, and is familiar with the operation of international import and export.

NON-EXECUTIVE DIRECTOR

Ms. Chen Xiaodan (陳曉丹) ("Ms. Chen"), aged 35, was appointed as a non-executive Director with effect from 1 June 2021. She completed an undergraduate program in administrative management from Central South University in 2016. She participated in merger and acquisition funds in an assets management company for more than 5 years. Before joining the Group, Ms. Chen worked in several corporations. During her career of over ten years, Ms. Chen held various leadership positions in management and market research aspects, and has rich knowledge and in-depth understanding in Asian and international brands.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Ji Rong (胡繼榮) ("Mr. Hu"), aged 65, was appointed as an independent non-executive Director on 6 September 2002. Mr. Hu is a professor at Fuzhou University (福州大學) and currently the chief supervisor of Fujian Internal Audit Association (福建省內部審計協會). He graduated from Jiangxi University of Finance and Economics (江西財經學院) in 1983 and obtained a master degree in Business Administration from the Open University of Hong Kong in 2000. Mr. Hu holds a Certified Public Accountant license in the PRC. He had been an associate dean in Zhicheng College of the Fuzhou University and the deputy head of Accounting Department in the College of Management of Fuzhou University. Mr. Hu had taken up a number of public service positions including a director of the China Audit Society (中國審計學會), a specially contracted auditor (特約審計員) of the Fujian Provincial Audit Office (福建省審計廳) and a committee member of the Professional Conduct Committee of Fujian Institute of Certified Public Accountants (福建省註冊會計師協會). Mr. Hu has published more than 50 articles and research reports in the PRC. He is an independent director of each of Fujian Yongfu Power Engineering Co., Ltd* (福建永福電力設計股份有限公司) (stock code: 300712) and Fujian Rongji Software Co., Ltd.* (福建榕基軟體股份有限公司) (stock code: 002474), the shares of both companies are listed on the Shenzhen Stock Exchange, and an independent director of each of Fujian Forecam Optics Co., Ltd.* (福建福光股份有限公司) (stock code: 688010) and Sichuan Furong Technology Co., Ltd.* (四川福蓉科技股份公司) (stock code: 603327), the shares of both companies are listed on the Shanghai Stock Exchange. He is also the chairman of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

Mr. Wei Xiongwen (魏雄文) ("Mr. Wei"), aged 53, was appointed as an independent non-executive Director on 26 August 2013. Mr. Wei graduated from the law faculty of Peking University (now known as "Peking University Law School") in 1988 and was awarded a bachelor's degree in laws. In 2005, he was awarded a degree of executive master of business administration by The City University London, Sir John CASS Business School. In 1989, Mr. Wei was awarded the qualification of China Lawyer practicing in corporate finance, financial and capital markets, project finance, mergers and acquisitions and foreign direct investment. He is currently a lawyer of 上海創遠律師事務所 (Shanghai Trend Law Firm). He is also a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

Mr. Guo Zebin (郭澤鑌) ("Mr. Guo"), aged 35, was appointed as an independent non-executive Director on 18 April 2019. Mr. Guo obtained his doctorate degree in the agricultural product processing and storage engineering from the Fujian Agriculture and Forestry University in June 2014. He went aboard to the United States and served as a visiting scholar of the North Dakota State University during the period from June 2013 to December 2013. He is currently an associate professor and an instructor of doctorate students in the College of Food Science of the Fujian Agriculture and Forestry University, an 理事 (executive) in the ninth committee of 福建省食品工業協會 (Fujiansheng Shipin Gongye Xiehui), an 理事 (executive) in the fourth committee of 福建營養學會 (Fujian Nutrition Association) and a 常務理事 (general executive) in the third committee of 福建省食品添加劑和配料工業協會 (Fujian Food Additive and Ingredient Association). Mr. Guo was the major co-operator or participated in several research projects, which awarded several awards by the People's Government of Fujian Province, the Fujian Agriculture and Forestry University and 福建省食品工業協會 (Fujiansheng Shipin Gongye Xiehui), and published several papers as the lead author and corresponding author, including "Ultrasonics Sonochemistry", "Food Chemistry" and "Food Hydrocolloids". He is also the member of the Audit Committee.

The Directors are pleased to present to the Shareholders the annual report and audited financial statements of the Group for the year ended 30 April 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investments holding. The activities of its subsidiaries are set out in Note 38 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 30 April 2021 by business segments is set out in Note 13 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2021 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 58 to 63 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2021 (2020: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 19 November 2021 (the "2021 AGM").

For determining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 16 November 2021 to Friday, 19 November 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2021 AGM, all transfers of shares of the Company accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 November 2021.

BUSINESS REVIEW

A detailed review on the Group's business performance and the material factors underlying its financial position, as well as the development and likely future prospects of the Group's business are provided throughout this annual report and in particular under the following separate sections:

(a) review of the Company's business and financial position, and development and future prospects of the Company's business are shown in the "Management Discussion and Analysis" section of this annual report;

(b) details of key performance indicators are shown in the sections headed "Financial Highlights" and "Management Discussion and Analysis" of this annual report;

(c) the principal risks and uncertainties facing the Group are shown in the section headed "Principal Risks and Uncertainties";

(d) the Group's environmental policies and performance are shown in the section headed "Environmental Policies and Performance" below;

(e) the Group's key relationships with employees, customers and suppliers are shown in the section headed "Relationships with Key Stakeholders" below;

(f) the Group's compliance with the relevant laws and regulations are shown in the section headed "Compliance with Laws and Regulations" below; and

(g) significant events that have an effect on the Group subsequent to the year ended 30 April 2021 are shown in the "Management Discussion and Analysis" section of this annual report.

The environmental, social and governance report of the Company for the year ended 30 April 2021 containing the information required under Appendix 27 to the Listing Rules, including further details of the Group's environmental policies and performance, the Group's key relationships with employees, customers and suppliers, and the Group's compliance with the relevant laws and regulations, will be published on the Stock Exchange's website and the Company's website within three months after the publication of this annual report.

These discussions form part of this Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various risks, including which are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks which may adversely affect the Group are identified, reported, monitored and managed on a continuous basis.

The Group has identified the following key risks that are considered to be significant to the Group, which may adversely and/or materially affect the Group's businesses, financial conditions, results of operations and growth prospects. Key risks relating to the Group's businesses and to the industries in which the Group operates are including but not limited to:

(a) Risk of Unfavorable Weather Conditions and Natural and Man-made Disasters

Potential adverse impact of the unfavorable weather conditions and natural and manmade disasters will affect the growth of agricultural products. The harvest of such agricultural products may be adversely affected by natural disasters including, but not limited to, drought, floods, prolonged periods of rainfall, hailstorm, windstorms, typhoons and hurricanes, fire, diseases, landslides, insect infestation, pests, volcanic eruption or earthquakes, as well as man-made disasters such as environmental pollution, arson, accidents, civil unrest or acts of terrorism. The occurrence of any of the natural or man-made disasters may diminish the supply of the agricultural products, resulting in a significant decrease in sales with an adverse effect on the Group's profitability. The management will consider planting of wind resisting agricultural products during typhoon season, complete all precautions and consider harvesting before typhoon season commences to minimize the losses.

(b) Risk of Product Prices Fluctuation

Prices of agricultural products depend on supply and demand, macro economy, and purchasing power and confidence of the consumers. Product prices of the Group's agricultural products and hence the Group's financial results may be adversely affected by excessive supply of agricultural products in the markets.

It is therefore important that the Group is aware of any change of economic environment and adjusts the product diversification plan and marketing strategies as well as overall business plan under different market conditions.

(c) Risk of Product Safety and Quality

Product safety and quality are particularly important to the agricultural industry. Failing to maintain tight quality control may lead to the production of low quality products and eventually lead to complaints, claims, product recall, fine and damage to reputation and goodwill.

The Group continues to strive to produce high-quality and safety products through Raw Materials Tracing System and Quality Assurance System.

(d) Risk of Rapid Changes in Economy, Industry and Compliance Environment

There are rapid changes in economy, industry and compliance environment. Mechanism is required to be established to identify and respond to such changes. Specific measures taken to cope with the changes include arranging staff of the legal department to attend seminars and workshops so as to update and refresh their knowledge, give briefings to senior management and relevant employees, provide orientation programme to the new recruits and keep track of the market price movement.

(e) Financial Risks

The Group is exposed to financial risks, including credit, interest rate, currency and liquidity. The Group actively and regularly reviews these risks and will adopt measures, if needed, to control and mitigate these risks. For details, please refer to Note 35 to the consolidated financial statements.

RELATIONSHIP WITH KEY STAKEHOLDERS

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

(i) Employees

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

(ii) Customers

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

(iii) Suppliers

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

(iv) Community

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Group recognises the importance of good environmental stewardship. The Group implemented green policies to raise energy efficiency and minimise energy consumption.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with applicable laws and regulations and the risk of non-compliance with such requirements. The Group has implemented the system and allocated staff resources to ensure ongoing compliance with applicable laws, rules and regulations.

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. Accordingly, the Group's establishment and operations shall comply with all PRC laws and applicable laws in the jurisdictions where it has operations.

To the best of the Directors' knowledge, information and belief, during the year ended 30 April 2021 and up to the date of this annual report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

FIVE-YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five years ended 30 April 2021, as extracted from the audited consolidated financial statements of the Company is set out on page 174 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

As at 30 April 2021, 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. There was no movement in the Company's share capital during the year ended 30 April 2021. Details of the Company's share capital are set out in Note 32(b) to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2021 are set out in the consolidated statement of changes in equity on page 62 of this annual report and Note 32(a) to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 30 April 2021 are set out in Note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's contribution surplus in the amount of approximately RMB925,834,000 (2020: approximately RMB1,220,238,000) is available for distribution to the Shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account. As at 30 April 2021, the reserves of the Company were not available for distribution (2020: Nil). In addition, the Company's share premium account, in the amount of approximately RMB1,155,545,000 at 30 April 2021 (2020: approximately RMB1,155,545,000), may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHT

There are no pre-emptive provisions under the bye-laws of the Company or the laws in Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2021.

DIRECTORS

The Directors during the year ended 30 April 2021 and up to the date of this annual report were as follows:

Executive Directors

Mr. Sun Shao Feng *(Chairman and CEO)*
Mr. Wang Jinhuo
Mr. Tong Shun Luen Philip *(appointed with effect from 1 June 2021)*

Non-executive Director

Ms. Chen Xiaodan *(appointed with effect from 1 June 2021)*

Independent Non-executive Directors

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

In accordance with bye-law 87(1) of the Company's bye-laws, Mr. Wang Jinhuo and Mr. Wei Xiongwen will retire by rotation at the 2021 AGM. In addition, by virtue of Bye-law 86(2) of the Company's bye-laws, Mr. Tong Shun Luen Philip and Ms. Chen Xiaodan shall retire as Director at the 2021 AGM. Save that Mr. Wei Xiongwen confirmed that he would like to spend more time pursuing his own business and therefore, he will not offer himself for re-election at the 2021 AGM, all other retiring Directors, being eligible, will offer themselves for re-election at the 2021 AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Board consisted of not less than three independent non-executive Directors during the year ended 30 April 2021, with an independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. During the year ended 30 April 2021 and as of the date of this annual report, the number of independent non-executive Directors represents more than one-third of the Board as required under the Listing Rules. As such, there is a strong independent element in the Board to provide independent judgement.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE AGREEMENTS

None of the Directors who are proposed for re-election at the 2021 AGM has a service agreement with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 35 to 38 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 April 2021, the interest or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

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

(A) Long Positions in the shares of the Company of HK$0.20 each

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

Note: These 18,327,330 shares are held through Capital Mate Limited ("Capital Mate"), a company incorporated in the British Virgin Islands with limited liability and is an entity controlled by Mr. Sun Shao Feng, an executive Director, the Chairman and the CEO.

(B) Long Positions in the share options granted under the Share Option Scheme

Name of Director	Date of grant	Exercise price per share option (HK$)	Exercisable period	Outstanding as at 30 April 2021
Mr. Sun Shao Feng	18 January 2018	0.64	18 January 2018 to 17 January 2028	3,400,000
Mr. Wang Jinhuo	18 January 2018	0.64	18 January 2018 to 17 January 2028	3,250,000

Save as disclosed above, as at 30 April 2021, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required to be recorded in the register to be kept under section 352 of the SFO or which would be required to notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

On 18 October 2013, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants including Directors, employees or any participant who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds any equity interest as incentives or rewards for their contributions to the Group.

The principal terms of the Share Option Scheme are as follows:

(i) The total number of shares which may be issued and allotted upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed ten (10) per cent. of the shares in issue on the adoption date of the Share Option Scheme, i.e. 18 October 2013 unless the Company obtains a fresh approval from its Shareholders, and which must not aggregate exceed thirty (30) per cent. of the shares in issue from time to time.

At the annual general meeting of the Company held on 12 October 2018, a resolution relating to the refreshment of the mandate limit under the Share Option Scheme (the "Scheme Mandate Limit") was passed by the Shareholders as an ordinary resolution of the Company, whereby the total number of the shares that could be issued upon exercise of all share options that could be granted under the Scheme Mandate Limit was 694,228,507 shares, representing 10% of the issued share capital of the Company as at the date of passing such resolution, which do not include share options that are outstanding, cancelled or lapsed as at the date of passing such resolution, i.e. 694,228,507 shares that may be issued under 694,228,507 outstanding share options granted.

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

(ii) The total number of shares in respect of which options may be granted to each eligible participant in any 12-month period must not exceed one (1) per cent. of the issued share capital of the Company for the time being.

(iii) The subscription price shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

(iv) An option may be accepted by an eligible participant not later than 21 days from the date of grant of the option. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant of the option.

(v) Subject to the discretion of the Board who may impose restrictions on the exercise of the option as the Board thinks appropriate, an option may be exercised within a period (which may not be later than 10 years from the date of offer of option) to be determined and notified by the Board to the grantee thereof and, in the absence of such determination, from the date of offer to the earlier of (i) the date on which such option lapses under the Share Option Scheme; and (ii) 10 years from the date of offer of option.

(vi) The Share Option Scheme remains valid for a period of 10 years commencing on 18 October 2013.

Details of the movement in the share options granted under the Share Option Scheme during the year ended 30 April 2021 are as follows:

Category of participants	Date of grant of share option	Exercise Period	Exercise price per share option (HK$)	Outstanding as at 1 May 2020	Granted during the year	Exercised/ cancelled/ forfeited during the year	Outstanding as at 30 April 2021
Directors							
Mr. Sun Shao Feng	18 January 2018	18 January 2018 to 17 January 2028	0.64	3,400,000	–	–	3,400,000
Mr. Wang Jinhuo	18 January 2018	18 January 2018 to 17 January 2028	0.64	3,250,000	–	–	3,250,000
Sub-total				6,650,000	–	–	6,650,000
Employees							
In aggregate	18 January 2018	18 January 2018 to 17 January 2028	0.64	28,061,425	–	–	28,061,425
Total				34,711,425	–	–	34,711,425

As at 30 April 2021, 34,711,425 shares are issuable under the Share Option Scheme, representing approximately 9.51% of the shares in issue as at 30 April 2021 and 7.92% of the shares in issue the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the section "Share Option Scheme" above, at no time during the year ended 30 April 2021 was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations (as defined in the SFO) or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 April 2021, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO:

Interests or short positions in shares and underlying shares of the Company

Name	Capacity	Position	Number of shares held	Number of underlying shares held *(Note 2)*	Approximate percentage of the Company's issued share capital *(Note 1)*
Capital Mate *(Note 3)*	Beneficial owner	Long position	18,327,330	–	5.02%
Convoy Collateral Limited *(Note 4)*	Beneficial owner	Long position	–	95,000,000	26.02%
Convoy Global Holdings Limited *(Note 4)*	Interest of controlled corporation	Long position	–	95,000,000	26.02%

Notes:

1. The percentage represents the number of shares/underlying shares of the Company over the total number of issued shares as at 30 April 2021 (i.e. 365,158,370 shares).

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

3. Capital Mate is an entity controlled by Mr. Sun Shao Feng. Hence, Mr. Sun Shao Feng is deemed to be interested in these 18,327,330 shares owned by Capital Mate.

4. Based on the respective notice of disclosure of interests of Convoy Global Holdings Limited and Convoy Collateral Limited filed with the Stock Exchange on 21 February 2017, these interests are held by Convoy Collateral Limited, which is wholly-owned by Convoy (BVI) Limited, which is in turn wholly-owned by Convoy Global Holdings Limited. The number of underlying shares held by Convoy Collateral Limited, as the beneficial owner, and Convoy Global Holdings Limited, as the interest of controlled corporation, became 95,000,000 underlying shares respectively after the adjustments as a result of the share consolidation took place on 30 November 2018.

Save as disclosed above, as at 30 April 2021, the Directors were not aware that there was any person (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

There was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director, an entity connected with a Director or a controlling shareholder (as defined in the Listing Rules) of the Company had, whether directly or indirectly, a material interest subsisted, at the end of the year or at any time during the year ended 30 April 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 April 2021, none of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 April 2021, the Group had not entered into any transactions which constituted non-exempt connected transactions or non-exempt continuing connected transactions under the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended 30 April 2021, the Group had entered into certain related party transactions but these transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in Note 39 to the consolidated financial statements.

RETIREMENT SCHEME ARRANGEMENT

Particulars of the Group's retirement scheme are set out in Note 12 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 April 2021.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was approximately 66.15% of the Group's purchase and the largest supplier to the Group was approximately 24.75% of the Group's purchase for the year ended 30 April 2021.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 17.6% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 4.71% of the Group's turnover for the year ended 30 April 2021.

None of the Directors, their close associates or Shareholders, who to the knowledge of the Directors own more than 5% of the Company's share capital, had an interest in any of the five largest customers or suppliers.

PERMITTED INDEMNITY

The Company has not arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities after expiry of the insurance cover since 14 June 2020. Despite it, the bye-laws of the Company provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Save for the abovementioned insurance cover which has been expired on 14 June 2020, at no time during the year ended 30 April 2021 and up to the date of this annual report, there was any permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or any of the directors of an associated company (if made by the Company).

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 30 April 2021 and up to the date of this annual report.

DONATION

During the year, in response to the national call on winning the battle of poverty alleviation, the Group donated RMB200,000 to Linxia, Gansu for the East-West Cooperation in Poverty Alleviation through the Xiamen Society for Promotion of the Guangcai Program and entered into an agreement to promote poverty alleviation through consumption. At the same time, the Group also cared for the overall healthy growth of the youth and donated RMB200,000 to become the title sponsor of the Huli Primary and Secondary School Wind Band through the Xiamen Huli District Education Foundation.

AUDITORS

A resolution will be proposed at the 2021 AGM to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the Board

China Green (Holdings) Limited
Sun Shao Feng
Chairman
Hong Kong, 15 September 2021

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

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

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

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Green (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 173, which comprise the consolidated statement of financial position as at 30 April 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR DISCLAIMER OF OPINION

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

As disclosed in the Note 19 to the consolidated financial statements, the Group's investment in financial assets at fair value through other comprehensive income is carried at approximately RMB2,669,000 and RMB2,921,000 as at 30 April 2021 and 2020 respectively. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the investment as at 30 April 2021 and 2020 because no valuation of the investment as at 30 April 2021 and 2020 was performed by management or independent professional valuer engaged by the management and management was unable to provide us with the financial results and other relevant financial information in respect of the investee company. We were unable to satisfy ourselves about the carrying amount of the Group's investment in the financial assets at fair value through other comprehensive income as at 30 April 2021 and 2020 and the fair value change to be recognised in other comprehensive income of the Group for the years then ended. Consequently, we were unable to determine whether any adjustments to these recorded amounts were necessary. Any adjustments found to be necessary may have a consequential significant impact on the other comprehensive loss of the Group for the year ended 30 April 2021 and 2020, and the Group's net liabilities or assets as at 30 April 2021 and 2020 and the related elements presented or disclosed in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION (continued)

Multiple uncertainties relating to the going concern basis

As explained in Note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB585,653,000 for the year ended 30 April 2021, and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB256,588,000 and the Group's total liabilities exceeded its total assets by RMB191,093,000. The Group's convertible notes with principal amount of HK$190,000,000 (equivalent to approximately RMB158,288,000) matured on 22 August 2019 and together with the overdue interest payment of RMB32,291,000 (equivalent to HK$38,760,000) was not repaid as at 30 April 2021 and at the date of this report. The Group's bank borrowings of RMB239,000,000 outstanding as at 30 April 2021 will fall due in June 2021 and September 2021. The directors are undertaking certain measures to improve the Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the eventual successful outcomes of these measures, which are subject to multiple uncertainties, including (i) whether Mr. Sun Shao Feng, the chairman, chief executive officer and executive director of the Company, is able to provide financial support to the Group to enable the Group to continue to operate as a going concern in the foreseeable future and to settle the Group's liabilities as and when they fall due; (ii) whether the Group is able to successfully negotiate with the holder of its outstanding convertible notes to restructure and/or refinance the obligation, including extending the repayment dates for the overdue principals and interests; (iii) whether the Group is able to secure necessary credit facilities to enable the Group to meet its working capital and liquidity requirements in the foreseeable future; (iv) whether the Group is able to obtain renewals of its existing bank borrowings when they fall due for repayment; (v) whether the Company is able to successfully undertake alternative capital raising transactions to strengthen the capital base of the Group; and (vi) whether the Group is able to implement its cost control measures to attain positive cash flows from operations.

The factors referred to above, along with other matters as described in Note 2 to the consolidated financial statements, indicate the existence of multiple uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustment were necessary.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditors' report. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practicing Certificate Number: P05806

Hong Kong, 15 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	**491,983**	449,442
Cost of sales		**(432,321)**	(407,163)
Gross profit		**59,662**	42,279
Other revenue	5(a)	**1,380**	1,240
Other losses	5(b)	**(5)**	(407)
Gain arising from changes in fair value less costs to sell of biological assets	21	**9,668**	8,225
Impairment loss on property, plant and equipment	14, 16	**(113,649)**	(166,552)
Impairment loss on right-of-use assets	15, 16	**(290,189)**	(379,496)
Selling and distribution expenses		**(18,919)**	(42,035)
General and administrative expenses		**(152,336)**	(229,828)
Share of loss of investment in a joint venture	18	**(115)**	(133)
Loss from operations		**(504,503)**	(766,707)
Finance costs	6(a)	**(81,150)**	(79,691)
Loss before taxation	6	**(585,653)**	(846,398)
Income tax	7	**–**	–
Loss for the year attributable to owners of the Company		**(585,653)**	(846,398)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2021

	Notes	2021 RMB'000	2020 RMB'000
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences rising on translation of foreign operations		**29,821**	(13,637)
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**–**	(144)
Other comprehensive income/(loss) for the year		**29,821**	(13,781)
Total comprehensive loss for the year attributable to owners of the Company		**(555,832)**	(860,179)
Loss per share attributable to owners of the Company (RMB)			
– Basic and diluted	11	**(1.60)**	(2.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	14	**300,478**	488,064
Right-of-use assets	15	**281,719**	628,797
Investment in an associate	17	**–**	–
Investment in a joint venture	18	**438**	553
Financial assets at fair value through other comprehensive income	19	**2,669**	2,921
		585,304	1,120,335
Current assets			
Inventories	20	**4,136**	4,134
Biological assets	21	**16,326**	14,740
Trade and other receivables	22	**216,698**	208,229
Pledged bank deposits	23	**7,500**	6,750
Cash and cash equivalents	24	**147,147**	44,690
		391,807	278,543
Current liabilities			
Trade and other payables	25	**262,754**	257,392
Bank borrowings	26	**239,000**	165,000
Lease liabilities	27	**114,759**	49,591
Amount due to a director	30	**12,774**	7,540
Amount due to a shareholder	31	**1,304**	1,426
Income tax payable		**17,804**	17,804
		648,395	498,753
Net current liabilities		**(256,588)**	(220,210)
Total assets less current liabilities		**328,716**	900,125

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Deferred tax liabilities	28	**69,081**	69,081
Lease liabilities	27	**450,728**	466,305
		519,809	535,386
Net (liabilities)/assets		**(191,093)**	364,739
Capital and reserves			
Share capital	32	**62,247**	62,247
Reserves		**(253,340)**	302,492
Total (capital deficiency)/equity attributable to owners of the Company		**(191,093)**	364,739

Approved and authorised for issue by the board of directors on 15 September 2021.

Sun Shao Feng
Director

Wang Jinhuo
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2021

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000 (Note 32c (i))	PRC statutory reserves RMB'000 (Note 32c (ii))	Share-based payment reserve RMB'000	Merger reserve RMB'000 (Note 32c (iii))	Contribution surplus RMB'000 (Note 32c (iv))	Financial assets at fair value through other comprehensive income reserve RMB'000	Exchange reserve RMB'000 (Note 32c (v))	Accumulated losses RMB'000	Total RMB'000
As at 30 April 2019	62,247	1,155,545	249,850	10,950	14,694	925,834	(26,703)	(172,420)	(995,079)	1,224,918
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	(13,637)	–	(13,637)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(144)	–	–	(144)
Loss for the year	–	–	–	–	–	–	–	–	(846,398)	(846,398)
Total comprehensive loss for the year	–	–	–	–	–	–	(144)	(13,637)	(846,398)	(860,179)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	27,806	–	(27,806)	–
Disposal of a subsidiary (Note 34)	–	–	(7,486)	–	–	–	–	–	7,486	–
As at 30 April 2020 and 1 May 2020	62,247	1,155,545	242,364	10,950	14,694	925,834	959	(186,057)	(1,861,797)	364,739
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	29,821	–	29,821
Loss for the year	–	–	–	–	–	–	–	–	(585,653)	(585,653)
Total comprehensive income for the year	–	–	–	–	–	–	–	29,821	(585,653)	(555,832)
As at 30 April 2021	62,247	1,155,545	242,364	10,950	14,694	925,834	959	(156,236)	(2,447,450)	(191,093)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2021

	Notes	2021 RMB'000	2021 RMB'000	2020 RMB'000	2020 RMB'000
Operating activities					
Cash generated from/(used in) operations	24(b)		**35,980**		(180,010)
PRC enterprise income tax paid			**–**		–
Net cash generated from/(used in) operating activities			**35,980**		(180,010)
Investing activities					
Payment for purchase of fixed assets	14	**(2,398)**		(572)	
Proceeds from disposals of property, plant and equipment, net of cash disposed		**21**		115	
Proceeds from disposal of subsidiary, net of cash disposed	34	**–**		3,799	
Increase in pledged bank deposits		**(750)**		(4,768)	
Interest received		**436**		980	
Net cash used in investing activities			**(2,691)**		(446)
Financing activities					
Increase in borrowings		**315,000**		445,000	
Repayment in borrowings		**(241,000)**		(540,000)	
Interest paid		**(11,672)**		(15,372)	
Net cash generated from/(used in) financing activities			**62,328**		(110,372)
Net increase/(decrease) in cash and cash equivalents			**95,617**		(290,828)
Cash and cash equivalents at 1 May			**44,690**		339,022
Effect of foreign exchange rate changes			**6,840**		(3,504)
Cash and cash equivalents at 30 April			**147,147**		44,690
Analysis of balances of cash and cash equivalents					
Cash and cash equivalents			**147,147**		44,690

1. GENERAL INFORMATION

China Green (Holdings) Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong, respectively.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 38 to the consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (the "HKCO").

The consolidated financial statements are presented in Renminbi ("RMB") and rounded to the nearest thousand (RMB'000), unless otherwise stated. RMB is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars ("HK$"). The Directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

Going concern

For the year ended 30 April 2021, the Group incurred a loss of approximately RMB585,653,000 (2020: approximately RMB846,398,000). As at 30 April 2021, the Group had net current liabilities of approximately RMB256,588,000 (2020: approximately RMB220,210,000) and net liabilities of approximately RMB191,093,000 (2020: net assets of approximately RMB364,739,000). In addition, the Group's convertible notes with principal amount of HK$190,000,000 (equivalent to approximately RMB158,288,000) was matured on 22 August 2019 and together with the accrued interests of approximately HK$38,760,000 (equivalent to RMB32,291,000) (2020: approximately HK$15,960,000 (equivalent to RMB14,546,000)), was not paid as at 30 April 2021 and as at the date of approval for issuance of these consolidated financial statements. As at 30 April 2021, the Group's bank borrowings of RMB239,000,000 will be due for repayment in June 2021 and September 2021.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation of consolidated financial statements (continued)

Going concern (continued)

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 its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay its liabilities, including the outstanding convertible notes and bank borrowings, and be able to finance its future working capital and liquidity requirements.

Certain measures have been and will be taken to manage the liquidity needs of the Group and to improve its financial position which include, but are not limited to, the following:

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

2. As at the date of approval of these consolidated financial statements, the Group is actively exploring, formulating and negotiating feasible debt restructuring plans with the convertible notes holder's representatives;

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

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

5. The Group will successfully undertake alternative capital rising transaction to strengthen the capital base of the Group; and

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

Having considered the above and with review to a cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 30 April 2021 on a going concern basis.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation of consolidated financial statements (continued)

Going concern (continued)

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except that biological assets are measured at their fair value less costs to sell and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation of consolidated financial statements (continued)

Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Significant accounting policies

Basis of consolidation

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

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

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

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Basis of consolidation (continued)

- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Subsidiaries

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

- buildings held for own use which are situated on leasehold land under right-of-use assets; and

- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use and depreciates on the same basis as other property assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	$3^1/_3$%-6% p.a. or over the term of the lease if shorter
Infrastructure on cultivation bases	5%-20% p.a. or over the lease terms
Leasehold improvements	5%-20% p.a. or over the lease terms
Machinery	5%-10% p.a.
Furniture, fixtures and office equipment	5%-20% p.a.
Motor vehicles	20%-30% p.a.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

Refundable rental deposits

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

The lease payments include:

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

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

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

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

Lease modifications

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

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

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised on a straightline basis over the lease term.

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

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

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

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

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

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

Amortised cost and interest income

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

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

Financial assets at FVTPL

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

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

Impairment of financial assets

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Credit-impaired financial assets

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

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

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

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

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

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

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

Write-off policy

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

Financial liabilities

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

Financial liabilities at amortised cost

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

Convertible loan notes contain debt and derivative components

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition/modification of financial liabilities

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

When the contractual terms of a convertible instrument are modified, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in profit or loss.

Biological assets

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term and other long-term employee benefits

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Share-based payments

Share option granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to retained profit. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Government grants (continued)

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

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

Income tax

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Income tax (continued)

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

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Income tax (continued)

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

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

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

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

  – the same taxable entity; or

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Provisions and contingent liabilities

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

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

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

Sale of goods

Revenue from the sale of goods is recognised at the point in time when transfer of control, which generally coincides with the time when the goods are delivered to customers and title has passed.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Foreign currencies

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

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Foreign currencies (continued)

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

Exchange differences relating to the retranslation of the Group's net assets in Hong Kong dollars to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in exchange reserve.

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Related parties transactions

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

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

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

  (ii) has significant influence over the Group; or

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Related parties transactions (continued)

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

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be inflecting by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties regardless whether a price is charged.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

Segment reporting

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

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

3. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time which are mandatorily effective for the Group's annual period beginning on or after 1 May 2020 for the preparation of the consolidated financial statement:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to HKFRS 3	Definition of a Business

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HKFRSs (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[6]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

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

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

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

6 Effective for annual periods beginning on or after 1 April 2021.

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

4. REVENUE

During the years ended 30 April 2021 and 2020, the Group was principally engaged in the growing, processing and sales of agricultural products, production and sales of consumer food products.

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

	2021 **RMB'000**	2020 RMB'000
Disaggregation of revenue from contract with customers		
At a point in time		
Fresh produce and processed products	**342,844**	412,849
Branded food products and others	**149,139**	36,593
	491,983	449,442

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. Revenue recognition are disclosed in significant accounting policies to the consolidated financial statements.

5. OTHER REVENUE AND OTHER LOSSES, NET

(a) Other revenue

	2021	2020
	RMB'000	RMB'000
Interest income	**436**	980
Sundry income	**944**	260
	1,380	1,240

(b) Other losses, net

	2021	2020
	RMB'000	RMB'000
Loss on disposal of a subsidiary	**–**	(502)
(Provision)/reversal of impairment losses under expected credit loss model, net	**(5)**	95
	(5)	(407)

6. LOSS BEFORE TAXATION

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

	2021 RMB'000	2020 RMB'000
(a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on convertible notes	**19,887**	19,081
– interest on bank borrowings	**11,672**	15,372
Interest on lease liabilities	**49,591**	45,238
	81,150	79,691
(b) Staff costs		
Employee benefits expenses (including Directors' emoluments):		
Salaries, wages and other benefits	**23,691**	26,728
Contributions to defined contribution retirement plans	**821**	1,304
	24,512	28,032
(c) Other items		
Depreciation of property, plant and equipment (Note 14)	**75,752**	89,912
Depreciation of right-of-use assets (Note 15)	**39,639**	49,646
Expenses relating to short-term leases	**69**	539
Auditors' remuneration		
– audit services	**1,394**	1,431
– non-audit services	**–**	9
Cost of inventories sold	**432,321**	407,163
Loss/(gain) on disposal of property, plant and equipment	**559**	(60)
Gain on disposal of right-of-use assets (Note)	**(929)**	–

Note:

The gain on disposal of right-of-use assets were arised from the resumption of the land use right of state-owned land by The People's Government of Huian County together with the plant and fixtures constructed thereon for consideration of RMB18,179,000.

7. INCOME TAX

	2021 **RMB'000**	2020 RMB'000
Current tax – Enterprise income tax in the PRC		
– Provision for the year	**–**	–
Deferred tax		
Origination and reversal of temporary differences (Note 28)	**–**	–
Total income tax expenses recognised in profit or loss	**–**	–

Notes:

(i) PRC Enterprise Income Tax

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

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2021 and 2020 has been made as the Group has no estimated assessable profits arising in Hong Kong for both years.

(iii) Other Income Tax

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

7. INCOME TAX (continued)

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

	2021		2020	
	RMB'000	%	RMB'000	%
Loss before taxation	(585,653)		(846,398)	
Notional tax on loss before taxation, calculated at rates applicable to loss in the countries concerned	(143,568)	(24.5)	(208,805)	(24.6)
Tax effect of operating loss of Group companies not subject to income tax	5,523	0.9	5,424	0.6
Tax effect of share of loss of a joint venture	29	–	33	–
Tax effect of non-taxable income	(2,481)	(0.4)	(2,316)	(0.3)
Tax effect of unused tax losses not recognised	140,351	24.0	69,152	8.2
Tax effect of non-deductible expenses	146	–	136,512	16.1
	–	–	–	–

8. DIRECTORS' REMUNERATION

The emolument paid or payable to each of the directors and the chief executive officer are as follows:

	For the year ended 30 April 2021				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director					
Sun Shao Feng	–	5,821	10	485	6,316
Executive director					
Wang Jinhuo	–	853	7	70	930
Independent non-executive directors					
Hu Ji Rong	104	–	–	9	113
Wei Xiongwen	104	–	–	9	113
Guo Zebin	104	–	–	9	113
	312	6,674	17	582	7,585

8. DIRECTORS' REMUNERATION (continued)

	For the year ended 30 April 2020				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chief executive officer and executive director					
Sun Shao Feng	–	6,050	8	504	6,562
Executive directors					
Wang Jinhuo	–	871	6	72	949
Liu Yuk Ming (appointed on 13 August 2019 and retired on 18 October 2019)	–	100	–	–	100
Shum Wan Wah, Walter (appointed on 13 August 2019 and retired on 18 October 2019)	–	100	–	–	100
Independent non-executive directors					
Hu Ji Rong	109	–	–	9	118
Wei Xiongwen	109	–	–	9	118
Guo Zebin	109	–	–	9	118
	327	7,121	14	603	8,065

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the years ended 30 April 2021 and 2020.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individuals

Of the five individuals with highest emoluments, two (2020: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2020: three) individuals are as follows:

	2021	2020
	RMB'000	RMB'000
Salaries and other emoluments	**1,210**	1,840
Discretionary bonuses	**114**	84
Retirement scheme contributions	**19**	25
	1,343	1,949

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

	Number of individuals	
	2021	2020
Nil-HK$1,000,000	**3**	2
HK$1,000,001-HK$1,500,000	**–**	1
	3	3

There were no amounts paid to any of the highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2021 and 2020.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2021 (2020: nil).

11. LOSS PER SHARE

(a) Basic loss per share

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

(i) Loss attributable to owners of the Company

	2021	2020
	RMB'000	RMB'000
Loss attributable to owners of the Company used to determine basic and diluted loss per share	**(585,653)**	(846,398)

(ii) Number of shares

	2021	2020
Weighted average number of ordinary shares for calculation of basic and diluted loss per share	**365,158,370**	365,158,370

(b) Diluted loss per share

Diluted loss per share for the years ended 30 April 2021 and 2020 was the same as the basic loss per share.

For the years ended 30 April 2021 and 2020, the computation of diluted loss per share did not assume exercise of outstanding share options during the years ended 30 April 2021 and 2020 since the effect of such exercise was anti-dilutive.

For the year ended 30 April 2020, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible notes since the effect of such conversion was anti-dilutive.

12. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

In addition, the Group's subsidiaries in the PRC participate in a defined contribution retirement scheme organised by the PRC municipal government. These subsidiaries are required to make contributions to the scheme.

Save as disclosed above, the Group has no other obligations to make payments in respect of retirement benefits of the employees during the year.

For the year ended 30 April 2021, the Group's retirement plan contributions amounted to approximately RMB821,000 (2020: RMB1,304,000).

13. SEGMENT REPORTING

The Group manages its businesses by product types. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has identified the following two reportable segments in accordance with HKFRS 8 presented as follows:

- Fresh produce and processed products: this segment grows, processes and sells agricultural products. Currently the Group's activities in this regard are carried out in the PRC.

- Branded food products and others: this segment processes and sells food products. Currently the Group's activities in this regard are carried out in the PRC.

13. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 30 April 2021 and 2020 is set out below:

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

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

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

13. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

	Fresh produce and processed products		Branded food products and others		Total	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Revenue from external customers	**342,844**	412,849	**149,139**	36,593	**491,983**	449,442
Inter-segment revenue	**3,134**	10,161	**–**	–	**3,134**	10,161
Reportable segment revenue	**345,978**	423,010	**149,139**	36,593	**495,117**	459,603
Reportable segment loss	**(445,838)**	(633,045)	**(25,377)**	(23,248)	**(471,215)**	(656,293)
Interest income	**345**	855	**10**	7	**355**	862
Depreciation and amortisation	**109,059**	126,113	**795**	603	**109,854**	126,716
Gain arising from changes in fair value less costs to sell of biological assets	**9,668**	8,225	**–**	–	**9,668**	8,225
Finance costs	**49,591**	45,238	**898**	–	**50,489**	45,238
Impairment loss on property, plant and equipment	**113,030**	166,552	**48**	–	**113,078**	166,552
Impairment loss on right-of-use assets	**270,405**	379,496	**19,784**	–	**290,189**	379,496
Loss/(gain) on disposal of property, plant and equipment	**546**	(60)	**1**	–	**547**	(60)
Share of loss of investment in a joint venture	**115**	133	**–**	–	**115**	133
(Provision)/reversal of impairment losses under expected credit loss model, net	**1**	59	**(6)**	29	**(5)**	88
Reportable segment assets	**737,349**	1,200,763	**97,035**	5,421	**834,384**	1,206,184
Capital expenditure (Note)	**2,396**	379	**2**	179	**2,398**	558
Reportable segment liabilities	**586,568**	533,048	**24,081**	1,394	**610,649**	534,442

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

13. SEGMENT REPORTING (continued)

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

	2021 RMB'000	2020 RMB'000
Revenue		
Reportable segment revenue	**495,117**	459,603
Elimination of inter-segment revenue	**(3,134)**	(10,161)
Consolidated revenue	**491,983**	449,442
Profit or loss		
Reportable segment loss derived from Group's external customers	**(471,215)**	(656,293)
Finance costs	**(30,661)**	(34,453)
Finance income	**81**	118
Other revenue and gain	**56**	–
Impairment of property, plant and equipment	**(571)**	–
Reversal of impairment losses under expected credit loss model, net	**–**	7
Unallocated depreciation and amortization	**(5,537)**	(12,842)
Unallocated head office and corporate expenses	**(77,806)**	(142,935)
Consolidated loss before taxation	**(585,653)**	(846,398)

13. SEGMENT REPORTING (continued)

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

	2021 RMB'000	2020 RMB'000
Assets		
Reportable segment assets	**834,384**	1,206,184
Unallocated head office and corporate assets:		
– Fixed assets	**88,835**	139,849
– Pledge bank deposits	**6,923**	6,750
– Cash and cash equivalents	**545**	31,233
– Other assets	**46,424**	14,862
Consolidated total assets	**977,111**	1,398,878
Liabilities		
Reportable segment liabilities	**610,649**	534,442
Deferred tax liabilities	**69,081**	69,081
Bank borrowings	**220,615**	165,000
Unallocated head office and corporate liabilities	**267,859**	265,616
Consolidated total liabilities	**1,168,204**	1,034,139

(c) Geographical information

During the years ended 30 April 2021 and 2020, 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 2021 and 2020.

No analysis of the Group's result and assets by geographical area is disclosed.

(d) Information about major customers

During the years end 30 April 2021 and 2020, none of the individual customer accounted for 10% or more of the Group's external revenue.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 (Note i)	Infrastructure on cultivation bases RMB'000	Leasehold improvement RMB'000	Machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in-progress RMB'000 (Note ii)	Total RMB'000
Cost								
As at 1 May 2019	471,992	1,880,330	97,326	450,244	26,291	8,017	123,024	3,057,224
Exchange realignment	–	–	–	–	35	–	–	35
Additions	176	–	–	54	14	–	328	572
Disposal	–	–	–	(102)	–	–	–	(102)
Disposal of a subsidiary (Note 34)	(2,963)	–	–	(12,008)	(78)	(8)	(7,907)	(22,964)
Transfer	–	85	–	–	–	–	(85)	–
As at 30 April 2020 and 1 May 2020	469,205	1,880,415	97,326	438,188	26,262	8,009	115,360	3,034,765
Exchange realignment	–	–	–	–	(52)	–	–	(52)
Additions	28	–	–	216	5	–	2,149	2,398
Disposal	(7,838)	–	–	(2,543)	(532)	(365)	(478)	(11,756)
Transfer	1,907	–	–	–	–	–	(1,907)	–
As at 30 April 2021	463,302	1,880,415	97,326	435,861	25,683	7,644	115,124	3,025,355
Accumulated depreciation and impairment loss:								
As at 1 May 2019	288,664	1,390,358	93,510	400,281	22,831	7,31	107,047	2,310,004
Exchange realignment	–	–	–	–	28	–	–	28
Charge for the year	15,247	53,062	3,816	17,237	233	317	–	89,912
Disposal	–	–	–	(47)	–	–	–	(47)
Disposal of a subsidiary (Notes 34)	(2,432)	–	–	(11,866)	(73)	(8)	(5,369)	(19,748)
Impairment loss recognised in profit or loss (Note 16)	15	166,393	–	17	94	–	33	166,552
As at 30 April 2020 and 1 May 2020	301,494	1,609,813	97,326	405,622	23,113	7,622	101,711	2,546,701
Exchange realignment	–	–	–	–	(49)	–	–	(49)
Charge for the year	13,281	46,859	–	15,262	299	51	–	75,752
Disposal	(7,791)	–	–	(2,501)	(519)	(365)	–	(11,176)
Impairment loss recognised in profit or loss (Note 16)	1,521	110,768	–	189	1,120	33	18	113,649
As at 30 April 2021	308,505	1,767,440	97,326	418,572	23,964	7,341	101,729	2,724,877
Net carrying amount:								
As at 30 April 2021	**154,797**	**112,975**	**–**	**17,289**	**1,719**	**303**	**13,395**	**300,478**
As at 30 April 2020	167,711	270,602	–	32,566	3,149	387	13,649	488,064

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(i) All of the Group's buildings are located in the PRC.

(ii) Analysis of construction-in-progress is as follows:

	2021 RMB'000	2020 RMB'000
Cost of machinery pending installation	**523**	528
Infrastructure	**12,872**	13,121
	13,395	13,649

The capital expenditure of infrastructure on cultivation bases included developing the road work, water supply, drainage system and for soil improvement of the farmland which stated at the right-of-use assets of leasehold lands in Note 15.

(iii) Impairment loss recognised in the current year

As the continuing loss in the financial performance of the Group's fresh produce and processed products segment for the years ended 30 April 2021 and 2020. The Group carried out a review of the recoverable amount that the property, plant and equipment. Please refer to Note 16 for details.

During the year, the impairment loss recognised on property, plant and equipment of approximately RMB113,649,000 (2020: RMB166,552,000) which are located in PRC. The impairment losses have been included in the consolidated statement of profit or loss and other comprehensive income.

(iv) Buildings with a carrying amount of approximately RMB76,200,000 (2020: RMB80,353,000) have been pledged to secure banking facilities granted to the Group.

15. RIGHT-OF-USE ASSETS

	Leasehold Lands	Land related to agricultural activities	Total
	RMB'000	RMB'000	RMB'000
Cost			
As at 1 May 2019	217,466	2,036,290	2,253,756
Disposal of a subsidiary (Note 34)	(2,505)	–	(2,505)
As at 30 April 2020 and 1 May 2020	214,961	2,036,290	2,251,251
Disposal	(43,029)	–	(43,029)
As at 30 April 2021	171,932	2,036,290	2,208,222
Accumulated depreciation and impairment			
As at 1 May 2019	100,334	1,094,100	1,194,434
Charge for the year	3,038	46,608	49,646
Impairment loss recognised in profit or loss (Note 16)	–	379,496	379,496
Disposal of a subsidiary (Note 34)	(1,122)	–	(1,122)
As at 30 April 2020 and 1 May 2020	102,250	1,520,204	1,622,454
Charge for the year	2,982	36,657	39,639
Disposal	(25,779)	–	(25,779)
Impairment loss recognised in profit or loss (Note 16)	19,784	270,405	290,189
As at 30 April 2021	99,237	1,827,266	1,926,503
Net carrying amount			
As at 30 April 2021	**72,695**	**209,024**	**281,719**
As at 30 April 2020	112,711	516,086	628,797

15. RIGHT-OF-USE ASSETS (continued)

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

As a result of the continuing loss in the financial performance of the Group's fresh produce and processed products segment for the years ended 30 April 2021 and 2020, the Group carried out a review of the recoverable amount. Please refer to Note 16 for details.

The impairment loss recognised on right-of-use assets for the year ended 30 April 2021 amounted to approximately RMB290,189,000 (2020: approximately RMB379,496,000), which are located in the PRC. The impairment loss has been included in the consolidated statement of profit or loss and other comprehensive income. Please refer to Note 16 for details.

16. IMPAIRMENT TESTING

During the year, in view of the continuing loss in the financial performance of the Group, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amount of the property, plant and equipment and right-of-use of assets with carrying amounts of approximately RMB414,356,000 and RMB571,908,000 respectively. The Group estimate the recoverable amount of several cash generating unit ("CGU") to which the assets belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

Value in use assessment

The recoverable amount of Baicheng City I CGU, Baicheng City II CGU, Baicheng City III CGU, Hubei Province CGU, and Fujian Province CGU, being the operating CGU under the Group's fresh produce and processed products segment, was determined based on valuations of the CGUs performed by Peak Vision Appraisal Limited ("Peak Vision"), an independent qualified valuer, as at 30 April 2021. The values in use of the CGUs have been measured by using discounted cash flow projections based on financial budgets approved by the management of the Group cover the lease period of relevant field with a discount rate of 12.56% as at 30 April 2021 (2020 11.56%). The calculation of the discount rate takes into consideration of the cost of equity and cost of debt of the Company with reference to the public sources data, including but not limited to Refinitiv and Duff & Phelps, LLC. The change of the discount rate mainly reflects the change of data of cost of equity and cost of debt for the year ended 30 April 2021.

Notes:

(i) The selling price will be increased by 2% (2020: 4.85%) yearly with reference to the five years average inflation rate of the PRC in calculating the values in use. The change of the selling price mainly reflects the actual selling price for the year ended 30 April 2021.

(ii) The production volume forecast is based on the actual production volume for the year ended 30 April 2021 per mu yield by kg.

16. IMPAIRMENT TESTING (continued)

Value in use assessment (continued)

The key assumptions included in the cash flow projections were as follows:

(a) The selling prices of the fresh produce are based on the prevailing selling price of the fresh produce of the CGU;

(b) There will be no force majeure, including natural disasters that could adversely impact the conditions of any biological assets and agriculture produce planted by the CGU;

(c) For the CGU to continue to operate as a going concern, the CGU will successfully carry out all necessary activities for the development of its business;

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

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

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

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

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

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

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

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

16. IMPAIRMENT TESTING (continued)

Value in use assessment (continued)

Base on the assessment, the recoverable amount of the CGUs are as follows:

	2021 **RMB'000**	2020 RMB'000
Baicheng City I	**–**	129,000
Baicheng City II	**–**	134,700
Baicheng City III	**–**	111,800
Hubei Province	**275,300**	432,700
Fujian Province	**114,900**	144,500
	390,200	952,700

Fair value less cost of disposal

Other than Baicheng City I CGU, Baicheng City II CGU, Baicheng City III CGU, Hubei Province CGU and Fujian Province CGU, being remaining CGU under the Group's fresh produce and processed products segment, and all CGU under branded food products and others segment, all property, plant and equipment and right-of-use of assets' recoverable amount was estimated based on their fair values less cost of disposal under level 3 fair value hierarchy.

The fair values were established based on the cost of reproducing or replacing assets, less depreciation from physical deterioration and all relevant forms of obsolescence and optimisation. The fair values have been arrived by valuations carried out at the end of the reporting period by Peak Vision.

Impairment loss recognised

Based on the result of the assessment, management of the Group determined that the recoverable amount of property, plant and equipment and right-of-use assets was lower than the carrying amount. The management has been allocated to each category of property, plant and equipment and right-of-use assets such that carrying amount of each category of assets is not reduced below the highest of its fair value less cost of disposal, its value in use and zero.

Based on the assessment, impairment loss is recognised as follows:

	2021 **RMB'000**	2020 RMB'000
Property, plant and machinery (Note 14)	**113,649**	166,552
Right-of-use assets (Note 15)	**290,189**	379,496
	403,838	546,048

17. INVESTMENT IN AN ASSOCIATE

	2021 RMB'000	2020 RMB'000
Cost of investment in an associate	**30,611**	30,611
Share of post-acquisition loss	**(8,535)**	(8,535)
Share of other comprehensive loss	**(251)**	(251)
	21,825	21,825
Accumulated impairment loss recognised	**(21,825)**	(21,825)
	–	–

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2021	Proportion of ownership interest held by the Group 2020	Principal activities of the entity and its subsidiaries
GFC Holdings Limited ("GFC")	Cayman Islands	Hong Kong	**Approximately 36%**	Approximately 36%	Provision of food catering services and operating restaurants, cafes and take-away outlets in Hong Kong

17. INVESTMENT IN AN ASSOCIATE (continued)

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

	2021 RMB'000	2020 RMB'000
Non-current assets	**30,916**	32,261
Current assets	**38,537**	8,126
Current liabilities	**(72,698)**	(46,156)
Net liabilities	**(3,245)**	(5,769)
Revenue	**32,269**	59,671
Profit/(loss) for the year	**2,427**	(8,901)
Other comprehensive income for the year	**96**	33
Total comprehensive income/(loss) for the year	**2,523**	(8,868)

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

	2021 RMB'000	2020 RMB'000
Net liabilities of the associate	**(3,245)**	(5,769)
Proportion of the Group's ownership interest in the associate	**36%**	36%
The Group's share of net liabilities of the associate	**(1,168)**	(2,076)
Unrecognised share of total comprehensive loss of the associate	**7,264**	8,172
Goodwill	**15,729**	15,729
Accumulated impairment loss recognised	**(21,825)**	(21,825)
	–*	–*

Note:

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

17. INVESTMENT IN AN ASSOCIATE (continued)

Unrecognised share of loss of associate

	2021 RMB'000	2020 RMB'000
The unrecognised share of income/(loss) of an associate for the year	**874**	(3,205)
Accumulated unrecognised share of loss of an associate	**(7,713)**	(8,587)

The impairment losses and the share of loss in previous years were mainly attributable to the operation of GFC fallen short of expectations. The severe competition and downward economic environment of food industry in Hong Kong also adversely affected the performance in previous years.

18. INVESTMENT IN A JOINT VENTURE

	2021 RMB'000	2020 RMB'000
Cost of investment in Joint Venture	**780**	780
Share of post-acquisition loss	**(342)**	(227)
	438	553

Aggregate information of joint ventures that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of profit and total comprehensive income	**115**	133

18. INVESTMENT IN A JOINT VENTURE (continued)

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportions of ownership interest held by the Group		Principal activities of the entity and its subsidiaries
			2021	2020	
吉林鑫大陸農菜開發有限公司	PRC	PRC	**51%**	51%	Agricultural improvement, development, construction and operation

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	RMB'000	RMB'000
Unlisted investments:		
Equity securities unlisted in Hong Kong (Note)	**2,669**	2,921

Note:

During the year ended 30 April 2021, in respect of the financial assets at fair value through other comprehensive income, no gain or loss on fair value change was recognised in the consolidated statement of other comprehensive income (2020: loss on fair value change approximately RMB144,000).

20. INVENTORIES

Inventories represent the following:

	2021 RMB'000	2020 RMB'000
Raw materials (i)	**2,150**	2,094
Agricultural materials (ii)	**1,915**	119
Finished goods	**71**	1,921
	4,136	4,134

Notes:

(i) Raw materials mainly comprise uncooked rice and rice flour purchased for further processing and resale purpose.

(ii) Agricultural materials include seeds, fertilisers, pesticides and processing materials not yet consumed as at the end of the reporting period.

21. BIOLOGICAL ASSETS

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

	2021 RMB'000	2020 RMB'000
At 1 May	**14,740**	13,732
Gain/(loss) arising from changes in fair value less costs to sell	**(74,919)**	(70,160)
Increase due to plantation	**220,480**	214,734
Decrease due to harvest	**(143,975)**	(143,566)
At 30 April	**16,326**	14,740

21. BIOLOGICAL ASSETS (continued)

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

	2021 RMB'000	2020 RMB'000
Vegetables	**14,490**	12,820
Fruit	**1,836**	1,920
	16,326	14,740

The physical quantity of vegetables and fruit as at 30 April 2021 and 2020 are analysed as follows:

	2021 Quantity (tons)	2020 Quantity (tons)
Vegetables	**6,066**	6,450
Fruit	**2,577**	2,798
	8,643	9,248

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

	2021 RMB'000	2020 RMB'000
At fair value less costs to sell	**16,326**	14,740

Vegetables and fruit were stated at fair value less costs to sell as at 30 April 2021 and 2020. The fair value was determined based on the market price of respective matured produce in the local market adjusted with reference to the cultivation areas, growing conditions, cost incurred and to be incurred and expected yield of the crops.

21. BIOLOGICAL ASSETS (continued)

(d) The quantity and amount of agricultural produce harvested measured at fair value less costs to sell during the year were as follows:

	2021		2020	
	Quantity (tons)	**RMB'000**	Quantity (tons)	RMB'000
Vegetable	**82,163**	**131,721**	97,098	141,802
Fruit	**2,578**	**2,647**	2,798	1,764
	84,741	**134,368**	99,896	143,566

The Qualification of Valuer

The Group's biological assets were valued by independent professional valuer as at 30 April 2021 (the "Valuation Date"). The professional valuers in charge of this valuation have appropriate qualifications and relevant experience in various appraisal assignments involving biological assets. The independent professional valuers involved in this valuation include a professional member of the Royal Institution of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and have appraisal experience in a broad range of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets in the PRC, Hong Kong, Europe and abroad.

21. BIOLOGICAL ASSETS (continued)

(d) The quantity and amount of agricultural produce harvested measured at fair value less costs to sell during the year were as follows: (continued)

Valuation methodology of biological assets

The valuation of the biological assets has been prepared in accordance with the HKIS Valuation Standards published by Hong Kong Institute of Surveyors, International Valuation Standards published by International Valuation Standards Council, where applicable.

Referring to the HKIS Valuation Standards, valuation undertaken for inclusion in a financial statement shall observe and refer to the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (i.e. HKICPA), including HKAS 41 Agriculture. In the process of valuating the biological assets, the valuer has adopted income approach and taken into consideration the nature and specialty of the biological assets.

The discount rate applied in the valuation was 12.56% (2020: 11.56%).

Work done on physical existence and quantity of biological assets

The Group had performed physical counts and verified the conditions of the agricultural produces and biological assets. The coverage of physical counts representing 100% of the agricultural produces as carried in the consolidated statement of financial position as at 30 April 2021.

In regarding to the biological assets, the Group had observed the growing conditions and cross checked with the plantation plans. To ensure the biological assets grow-thing status are meet to the target.

21. BIOLOGICAL ASSETS (continued)

(d) The quantity and amount of agricultural produce harvested measured at fair value less costs to sell during the year were as follows: (continued)

Valuation Assumptions

- The projected producer selling price is approximately 44.7% (2020: 44.7%) of the retail selling price, after considering profit margins for dealers and wholesalers;

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

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

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

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

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

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

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

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

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

22. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	RMB'000
Trade receivables	**4,943**	1,332
Less: allowance for impairment of trade receivables	**(25)**	(18)
	4,918	1,314
Other receivables (Note)	**19,261**	1,364
Less: allowance for impairment of other receivables	**(266)**	(268)
	18,995	1,096
Total trade and other receivables	**23,913**	2,410
Rental and other deposits	**75**	85
Prepayments		
– to suppliers	**139,505**	130,318
– to others	**42,900**	61,016
Value added tax recoverable	**10,305**	14,400
	216,698	208,229

Note:

As at 30 April 2021, the amount include the right-of-use asset disposal receivable of approximately RMB18,179,000 (2020: nil).

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. There were five customers who represent more than 5% of the total balance of trade receivables for the year 2021 (2020: Five).

22. TRADE AND OTHER RECEIVABLES (continued)

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

	2021	2020
	RMB'000	RMB'000
Within 1 month	**1,108**	78
Over 1 month but within 3 months	**313**	33
Over 3 months but within 6 months	**1,198**	1,203
Over 6 months	**2,299**	–
	4,918	1,314

Trade receivables are normally due within 30 days (2020: 30 days) from the date of billing. The ageing analysis of trade receivables presented based on the invoices date at the report date.

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 35(a).

23. PLEDGED BANK DEPOSITS

The pledged bank deposits did not carry any interest rate (2020: did not carry any interest rate) per annum. Pledged bank deposits represent deposits pledged to banks to secure banking facilities and letters of credit (2020: secure banking facilities and letters of credit) to the Group. As at 30 April 2021, approximately RMB7,500,000 (2020: RMB6,750,000) bank deposits were pledged for bank borrowings with maturity within one year.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

Included in the cash and bank balances and pledged bank deposits at the end of the reporting period were amounts of approximately RMB154,612,000 (2020: approximately RMB51,377,000) which not freely convertible into other currencies.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies through banks authorised to conduct foreign exchange business.

24. CASH AND CASH EQUIVALENTS (continued)

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

	Notes	2021 RMB'000	2020 RMB'000
Operating activities			
Loss before taxation		**(585,653)**	(846,398)
Adjustments for:			
Depreciation of property, plant and equipment	14	**75,752**	89,912
Depreciation of right-of-use assets	15	**39,639**	49,646
Loss/(gain) on disposal of property, plant and equipment	6(c)	**559**	(60)
Gain on disposal of right-of-use asset	6(c)	**(929)**	–
Loss on disposal of a subsidiary	34	**–**	502
Gain arising from changes in fair values less costs to sell of biological assets	21	**(9,668)**	(8,225)
Impairment loss on property, plant and equipment	14,16	**113,649**	166,552
Impairment loss on right-of-use assets	15,16	**290,189**	379,496
Provision/(reversal) of impairment losses under expected credit loss model, net	5(b)	**5**	(95)
Share of loss of investment in a joint venture	18	**115**	133
Interest income	5(a)	**(436)**	(980)
Interest expenses	6(a)	**81,150**	79,691
		4,372	(89,826)
Change in working capital:			
(Increase)/decrease in inventories		**(2)**	165
Decrease in biological assets		**8,082**	7,217
Decrease/(increase) in trade and other receivables		**9,705**	(104,553)
Decrease in financial assets at fair value through other comprehensive income		**–**	1,771
Increase in trade and other payables		**7,665**	5,216
Increase in amount due to a director		**6,158**	–
Cash generated from/(used in) operations		**35,980**	(180,010)

24. CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RMB'000	Convertible notes RMB'000	Lease liabilities RMB'000	Other payable RMB'000	Total RMB'000
As at 1 May 2019	260,000	155,029	470,658	–	885,687
Change in financing cash flows:					
Repayment in bank borrowings	(540,000)	–	–	–	(540,000)
Proceeds from bank borrowings	445,000	–	–	–	445,000
Interest paid	(15,372)	–	–	–	(15,372)
Total changes in financing cash flows	(110,372)	–	–	–	(110,372)
Exchange alignment	–	9,714	–	–	9,714
Other changes:					
Interest expenses	15,372	–	45,238	10,657	71,267
Imputed interest for the year	–	8,424	–	–	8,424
Convertible notes was matured and reclassify as other payable	–	(173,167)	–	173,167	–
Total other changes	15,372	(164,743)	45,238	183,824	79,691
As at 30 April 2020 and 1 May 2020	165,000	–	515,896	183,824	864,720
Change in financing cash flows:					
Repayment in bank borrowings	(241,000)	–	–	–	(241,000)
Proceeds from bank borrowings	315,000	–	–	–	315,000
Interest paid	(11,672)	–	–	–	(11,672)
Total changes in financing cash flows	62,328	–	–	–	62,328
Exchange alignment	–	–	–	(13,132)	(13,132)
Other changes:					
Interest expenses	11,672	–	49,591	19,887	81,150
As at 30 April 2021	**239,000**	**–**	**565,487**	**190,579**	**995,066**

25. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables	**4,744**	1,606
Accrued salaries and wages	**1,178**	1,456
Other accruals and payables (Note a)	**98,288**	80,973
Convertible notes 2019 (Note b)	**158,288**	173,167
Financial liabilities measured at amortisation cost	**262,498**	257,202
Other taxes payable	**256**	190
	262,754	257,392

Note:

(a) As at 30 April 2021, other accruals and payables included payables related to the disposal of beverage business operations and default interest for convertible notes of approximately RMB36,317,000 and RMB32,291,000 (2020: RMB40,955,000 and RMB14,546,000) respectively.

(b) The convertible note with principal amount of HK$190,000,000 (equivalent to approximately RMB158,288,000) (2020: equivalent to approximately RMB173,167,000) was matured on 22 August 2019 and reclassified as other payable and bear the default interest rate of 12.0% per annum.

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

	2021 RMB'000	2020 RMB'000
Within 1 month	**2,595**	11
Over 1 month but within 3 months	**1,595**	268
Over 3 months but within 6 months	**501**	77
Over 6 months but within 1 year	**53**	1,250
	4,744	1,606

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

26. BANK BORROWINGS

	2021	2020
	RMB'000	RMB'000
Bank loans – secured	**239,000**	165,000

The carrying amount of the above borrowings are repayable:

– Within one year	**239,000**	165,000

Notes:

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

	2021	2020
Effective interest rate:		
Fixed-rate borrowings	**4.9%**	4.9%

(b) As at 30 April 2021, bank deposits amounting to approximately RMB7,500,000 (2020: RMB6,750,000) 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 RMB76,200,000 (2020: RMB80,353,000) had been pledged to secure the Group's bank loans for the purpose of working capital.

27. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Analysed as		
– Current	**114,759**	49,591
– Non-current	**450,728**	466,305
	565,487	515,896
Minimum lease payments due		
– Within one year	**125,000**	–
– More than one year but not more than two years	**–**	125,000
– More than two years but not later than five years	**380,000**	380,000
– More than five years	**600,000**	600,000
	1,105,000	1,105,000
Less: Future finance charges	**(539,513)**	(589,104)
Present value of lease liabilities	**565,487**	515,896

The weighted average incremental borrowing rates applied to lease liabilities is 9.5% (2020: 9.5%).

28. DEFERRED TAX LIABILITIES

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

	Undistributed profits of foreign controlled entities RMB'000
Deferred tax arising from:	
As at 1 May 2019	69,581
Disposal of a subsidiary (Note 34)	(500)
As at 30 April 2020, 1 May 2020 and 30 April 2021	69,081

Deferred tax on undistributed profits of foreign controlled entities ("Withholding Tax")

Pursuant to the New Tax Law and its implementation rules which took effect from 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No.1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax.

As at 30 April 2021, deferred tax liabilities of approximately RMB69,081,000 (2020: RMB69,081,000) have been recognised in respect of the withholding tax that would be payable on the distribution of the retained profits of the Company's PRC subsidiaries. Deferred tax liabilities of approximately RMB107,423,000 (2020: RMB116,514,000) have not been recognised, as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Company's PRC subsidiaries for the year from 1 January 2008 to 30 April 2019 will not be distributed in the foreseeable future.

Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,574,757,000 (2020: RMB1,013,354,000) as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under the current tax legislation.

29. CONVERTIBLE NOTES

Convertible Notes 2019 – HK$190,000,000, 0% coupon interest

On 15 December 2016, the Company and the holder of convertible notes 2017 entered into the modification deed to amend certain terms and conditions of convertible notes 2017, pursuant to which (i) the maturity date of the convertible notes 2017 was changed from the date falling on the first anniversary of the date of the issue of the convertible notes 2017 to the date falling on the third anniversary of the date of the issue of the convertible notes 2017; (ii) the conversion price of the convertible notes 2017 was changed from HK$0.15 per conversion share to HK$0.10 per conversion share (adjusted to HK$2.00 per conversion share for the effect of the share consolidation which became effective on 30 November 2018); and (iii) the convertible notes 2017 were changed from bearing interest at a rate of 12% per annum to non-interest bearing. The amendments to terms and conditions of the convertible notes 2017 became effective on 17 February 2017 whereby the convertible notes 2019 (the "Convertible Notes 2019") were issued and the convertible notes 2017 were extinguished.

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

	Non-interest bearing Convertible Notes 2019
Principal amount:	
– as at 17 February 2017	HK$190,000,000
	In HK$ settlement
Interest:	Non-interest bearing
Issue date:	17 February 2017
Maturity date:	22 August 2019
Conversion price per share (subject to adjustment)	HK$2.00

The Convertible Notes 2019 recognised in the consolidated statement of financial position on 17 February 2017 was calculated as follows:

	Convertible Notes 2019 RMB'000
Liability component	112,297
Derivative component	143,761
Nominal value of Convertible Notes 2019	256,058

29. CONVERTIBLE NOTES (continued)

Convertible Notes 2019 – HK$190,000,000, 0% coupon interest (continued)

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

Liability component:	RMB'000
As at 1 May 2019	155,029
Imputed interest charge	8,424
Exchange alignment	9,714
Less: convertible notes matured and reclassified as other payable	(173,167)
As at 30 April 2020	–

The imputed interest expenses on the non-interest-bearing Convertible Notes 2019 was calculated using effective interest method by using the effective interest rate of 16.5%.

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

30. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest free and repayable on demand. The carrying amount is approximate to its fair value.

31. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest free and repayable on demand. The carrying amount is approximate to its fair value.

32. CAPITAL AND RESERVES

(a) Reserves of the Company

	Share premium RMB'000	Share-Based payment reserve RMB'000	Contribution surplus RMB'000	Financial assets at fair value through other comprehensive income reserve RMB'000	Exchange reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
As at 30 April 2019	1,155,545	10,950	925,834	(3,269)	(116,349)	(1,221,219)	751,492
Exchange differences on translation of financial statements	–	–	–	–	(11,282)	–	(11,282)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(144)	–	–	(144)
Loss for the year	–	–	–	–	–	(1,203,055)	(1,203,055)
Total comprehensive loss for the year	–	–	–	(144)	(11,282)	(1,203,055)	(1,214,481)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	3,413	–	(3,413)	–
As at 30 April 2020 and 1 May 2020	1,155,545	10,950	925,834	–	(127,631)	(2,427,687)	(462,989)
Exchange differences on translation of financial statements	–	–	–	–	47,979	–	47,979
Loss for the year	–	–	–	–	–	(302,120)	(302,120)
Total comprehensive income/(loss) for the year	–	–	–	–	47,979	(302,120)	(254,141)
As at 30 April 2021	1,155,545	10,950	925,834	–	(79,652)	(2,729,807)	(717,130)

32. CAPITAL AND RESERVES (continued)

(b) Share Capital

Authorised and issued share capital

	Number of Shares '000	Nominal value HK$'000	RMB equivalent RMB'000
Authorised:			
As at 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021, ordinary shares of HK$0.2 each	5,000,000	1,000,000	843,098
Issued and fully paid:			
As at 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021, ordinary shares of HK$0.2 each	365,158	73,032	62,247

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) PRC statutory reserve

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

(iii) Merger reserve

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

32. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(iv) Contribution surplus

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

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

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

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.

(d) Distributability of reserves

The Company's contributed surplus in the amount of RMB925,834,000 (2020: RMB1,220,238,000) is available for distribution to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution of contributed surplus if (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account. As at 30 April 2021, the reserves of the Company were not available for distribution. In addition, the Company's share premium account, in the amount of approximately RMB1,155,545,000 as at 30 April 2021 (2020: RMB1,155,545,000), may be distributed in the form of fully paid bonus shares.

32. CAPITAL AND RESERVES (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors its capital structure on the basis of an adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt (which includes trade and other payables, banks and other borrowings, lease liabilities, amount due to a director and amount due to a shareholder) plus un-accrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity.

During the years ended 30 April 2021 and 2020, the Group's strategy, which was unchanged from the last year, was to maintain the adjusted net debt-to-equity ratio at the lower end by having sufficient cash and cash equivalents over total debt and proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The net debt-to-equity ratio as at 30 April 2021 and 2020 was as follows:

	Notes	**2021 RMB'000**	2020 RMB'000
Trade and other payables	25	**262,754**	257,392
Bank borrowings	26	**239,000**	165,000
Lease liabilities	27	**565,487**	515,896
Amount due to a director		**12,774**	7,540
Amount due to a shareholder		**1,304**	1,426
Total debt		**1,081,319**	947,254
Less: Cash and cash equivalents	24	**(147,147)**	(44,690)
Net cash and cash equivalents after deducting total debt		**934,172**	902,564
Total (capital deficiency)/equity		**(191,093)**	364,739
Adjusted net debt-to-equity ratio		**N/A**	2.475

33. SHARE OPTION SCHEME

On 18 October 2013, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants including Directors, employees or any participants who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds any equity interest as incentives or rewards for their contributions to the Group.

The principal terms of the Share Option Scheme are as follows:

a) The total number of Shares which may be issued and allotted upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed ten (10) per cent. of the Shares in issue on the adoption date of the Share Option Scheme, i.e. 18 October 2013 unless the Company obtains a fresh approval from its Shareholders, and which must not aggregate exceed thirty (30) per cent. of the Shares in issue from time to time. At the annual general meeting held on 12 October 2018, a resolution relating to the refreshment of the mandate limit under the Share Option Scheme (the "Scheme Mandate Limit") was passed by the Shareholders as an ordinary resolution of the Company, whereby the total number of the shares that could be issued upon exercise of all share options that could be granted under the Scheme Mandate Limit was 694,228,507 shares, representing 10% of the issued share capital of the Company as at the date of passing such resolution, which do not include share options that are outstanding, cancelled or lapsed as at the date of passing such resolution, i.e. 694,228,507 shares that may be issued under 694,228,507 outstanding share options granted.

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

b) The total number of Shares in respect of which options may be granted to each eligible participant in any 12-month period must not exceed one (1) per cent. of the issued share capital of the Company for the time being.

c) The subscription price shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

33. SHARE OPTION SCHEME (continued)

The principal terms of the Share Option Scheme are as follows: (continued)

d) An option may be accepted by an eligible participant not later than 21 days from the date of grant of the option. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant of the option.

e) Subject to the discretion of the Board who may impose restrictions on the exercise of the option as the Board think appropriate, an option may be exercised within a period (which may not be later than 10 years from the date of offer of option) to be determined and notified by the Board to the grantee thereof and, in the absence of such determination, from the date of offer to the earlier of (i) the date on which such option lapses under Share Option Scheme; and (ii) 10 years from the date of offer of option.

f) The Share Option Scheme remains valid for a period of 10 years commencing on 18 October 2013.

g) As a result of the share consolidation on 30 November 2018, the number of shares to be issued under the existing share options granted under the share option scheme of the Company adopted on 18 October 2013 and the exercise price of share options adjusted to 34,711,425 shares and HK$0.64 per share option.

During the years ended 30 April 2021 and 2020, the details and movements in the share options granted under the Share Option Scheme are as follows:

Category of Participants	Date of grant of share option	Exercise period	Exercise price (HK$)	Outstanding as at 1 May 2019, 30 April 2020 and 1 May 2020	Forfeited during the year	Outstanding as at 30 April 2021
Directors	18 January 2018	18 January 2018 to 17 January 2028	0.64	6,650,000	–	6,650,000
Employees	18 January 2018	18 January 2018 to 17 January 2028	0.64	28,061,425	–	28,061,425
Total				34,711,425	–	34,711,425

The total number of Shares available for issue under the Share Option Scheme is 34,711,425 Shares (2020: 34,711,425), representing approximately 9.51% (2020:9.51%) of the issued shares in issue as at 30 April 2021 and 7.92% of the shares in issue the date of this report.

33. SHARE OPTION SCHEME (continued)

Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

	2018
Fair value at measurement date (HK$)	0.0192
Share price (HK$)	0.64
Exercise price (HK$)	0.64
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	87.492%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years
Expected dividends	0.000%
Risk-free interest rate (based on Exchange Fund Notes)	2.020%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

34. DISPOSAL OF SUBSIDIARY

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

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

	As at 25 November 2019 (completion date) RMB'000
Net assets disposed of:	
Property, plant and equipment	3,216
Right-of-use assets	1,383
Tax recoverable	202
Cash and cash equivalents	1
Deferred tax liabilities	(500)
	4,302
Loss on disposal of subsidiary:	
Total consideration	3,800
Net assets disposed of	(4,302)
Loss on disposal of a subsidiary	(502)
Net cash inflow on disposal of Fengxin:	
Consideration received in cash and cash equivalent for disposal of Fengxin	3,800
Less: cash and cash equivalent balances disposed of	(1)
Net cash inflow	3,799

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at fair value through other comprehensive income	**2,669**	2,921
At amortised cost:		
– Trade and other receivables	**23,988**	2,495
– Pledge bank deposits	**7,500**	6,750
– Cash and cash equivalents	**147,147**	44,690
	178,635	53,935
Financial liabilities		
At amortised costs:		
– Trade and other payables	**262,754**	257,392
– Bank borrowings	**239,000**	165,000
– Lease liabilities	**565,487**	515,896
– Amount due to a director	**12,774**	7,540
– Amount due to a shareholder	**1,304**	1,426
	1,081,319	947,254

The Group exposes to credit, liquidity, interest rate and currency risks arises in the normal course of the business.

The Group is also exposed to financial risks arising from changes in agricultural produce prices, which are constantly affected by both demand and supply cycles of the agricultural industry. As a result, the movements of the prices may have significant impact on Group's earnings and valuation of biological assets as well as cash flows and liquidity. Whilst efforts have been made to implement certain strategies, there can be no assurance that the Group will be fully shielded from negative effects resulting from movements of agricultural produce prices.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, and cash and bank balances. As at 30 April 2021 and 2020, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and other receivables

The Group applies the general approach to provide for ECL prescribed by HKFRS 9, which permits the use of the 12 month ECL or lifetime ECL provision for trade and other receivables. To measure the ECL, the trade and other receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information.

The Group did not have concentration of credit risk in certain individual customers. The Directors closely monitor the risk exposure of the customers and collateral and would take appropriate action to ensure the risk exposure is acceptable. The Directors are of the view that the expected cash flow of trade receivables are sufficient to cover the carrying amount of trade receivables as at 30 April 2021.

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

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

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

Stage 1	The trade and other receivables have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12-month ECLs.
Stage 2	The trade and other receivables have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs non credit-impaired).
Stage 3	The trade and other receivables that are in default and considered credit impaired (Lifetime ECLs credit impaired).

As at 30 April 2021, the provision for impairment of the trade and other receivables was approximately RMB291,000 (2020: RMB286,000) based on expected loss rates up to 36.90% (2020: 34.46%) applied to different stages.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 30 April 2021 and 2020:

As at 30 April 2021

	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Trade receivables, gross	**4,943**	**–**	**–**	**4,943**
Loss allowance	**(25)**	**–**	**–**	**(25)**
Trade receivables, net	**4,918**	**–**	**–**	**4,918**

As at 30 April 2020

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables as at 30 April 2021 and 2020:

As at 30 April 2021

	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Other receivables, gross	**19,261**	**–**	**–**	**19,261**
Loss allowance	**(266)**	**–**	**–**	**(266)**
Other receivables, net	**18,995**	**–**	**–**	**18,995**

As at 30 April 2020

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

The closing loss allowances for including trade receivables as at 30 April 2021 reconcile to the opening loss allowances as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 May 2019	97	–	–	97
Reversal of loss allowance recognised in profit or loss, net	(79)	–	–	(79)
As at 30 April 2020 and 1 May 2020	18	–	–	18
Loss allowance recognised in profit or loss, net	7	–	–	7
As at 30 April 2021	25	–	–	25

The closing loss allowances for including other receivables as at 30 April 2021 reconcile to the opening loss allowances as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 May 2019	284	–	–	284
Reversal of loss allowance recognised in profit or loss, net	(16)	–	–	(16)
As at 30 April 2020 and 1 May 2020	268	–	–	268
Reversal of loss allowance recognised in profit or loss, net	(2)	–	–	(2)
As at 30 April 2021	266	–	–	266

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Trade receivables and other receivables (continued)

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

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

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables, deposits and other receivables are set out in Note 22 to the consolidated financial statement.

Deposits

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The Group has assessed that the expected credit loss rate for these receivables are immaterial under 12 months expected credit losses method. Thus, no loss allowance for deposit was recognised as at 30 April 2020 and 2021.

Pledged bank deposits and cash at bank

Pledged bank deposits and cash at bank are placed with banks and other financial institutions with good credit quality, the directors of the Company consider that the Group's credit risk on the pledged bank deposits and cash at bank is low.

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains sufficient cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

As at 30 April 2021

	Weighted Average interest rate	Carrying amount as at 30 April RMB'000	Total undiscounted cash flows RMB'000	Contractual undiscounted cash outflow Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 years RMB'000
Trade and other payables	–	262,754	262,754	262,754	–	–	–
Bank borrowings – fixed rate	4.9%	239,000	243,215	243,215	–	–	–
Lease liabilities	9.5%	565,487	1,105,000	125,000	–	380,000	600,000
Amount due to a director	–	12,774	12,774	12,774	–	–	–
Amount due to a shareholder	–	1,304	1,304	1,304	–	–	–
		1,081,319	1,625,047	645,047	–	380,000	600,000

As at 30 April 2020

	Weighted Average interest rate	Carrying amount as at 30 April RMB'000	Total undiscounted cash flows RMB'000	Contractual undiscounted cash outflow Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 years RMB'000
Trade and other payables	12.0%	257,392	278,172	278,172	–	–	–
Bank borrowings – fixed rate	4.9%	165,000	168,227	168,227	–	–	–
Lease liabilities	9.5%	515,896	1,105,000	–	125,000	380,000	600,000
Amount due to a director	–	7,540	7,540	7,540	–	–	–
Amount due to a shareholder	–	1,426	1,426	1,426	–	–	–
		947,254	1,560,365	455,365	125,000	380,000	600,000

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed-rate borrowings, bank deposits and the convertible notes issued by the Group.

The interest rates of the Group's borrowings and convertible notes are disclosed in Notes 25 and 26 respectively.

The Group does not have derivative financial instruments to hedge its debt obligations. Any future variations in interest rate would not have a significant impact on the results of the Group.

Cash flow interest rate risk

The Group considers that there is no significant cash flow interest rate risk as the Group does not have variable rate borrowings. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

No sensitivity analysis is prepared since the Group is not subject to significant cash flow interest rate risk and fair value interest rate risk.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other financial institutions authorised to buy and sell foreign currencies. In respect of cash at banks, trade and other receivables, trade and other payables and borrowings held in a currency other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, a majority of the business transactions are denominated in RMB, and the proportion of foreign currency transactions are not significant to the Group.

The directors of the Company consider that the currency risk of the Group's operations is immaterial due to the relatively low proportion of the Group's foreign currency denominated assets, liabilities, income and expense, as compared to the Group's total assets, liabilities, income and expense. Hence, no future analysis is presented.

36. FAIR VALUE MEASUREMENT

For financial reporting purpose, fair value measurement are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety.

The table below analyses the fair value of the Group's assets that are measured at fair value on a recurring basis. The different levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As at 30 April 2021

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Biological assets	**–**	**16,326**	**–**	**16,326**
Financial assets at FVTOCI	**–**	**–**	**2,669**	**2,669**
	–	**16,326**	**2,669**	**18,995**

As at 30 April 2020

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

There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during the years ended 30 April 2021 and 2020.

36. FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTOCI RMB'000
As at 1 May 2019	2,751
Exchange alignment	170
As at 30 April 2020 and 1 May 2020	2,921
Exchange alignment	(252)
As at 30 April 2021	2,669

Inter-relationship between

Type	Valuation approach	Key measurement inputs 2021	Key measurement inputs 2020	Inter-relationship between key measurement input and fair value measurement
Biological assets	The fair value less costs to sell of biological assets by adopted income approach with discount cash flow	– planted 3,000 mu of lotus root – planted 600 mu of watermelon versa	– planted 3,235 mu of lotus root – planted 600 mu of watermelon	The planted area increase, the fair value less costs to sell increase, and vice

37. STATEMENT OF THE COMPANY'S FINANCIAL POSITION

	2021 RMB'000	2020 RMB'000
Non-current assets		
Property, plant and equipment	–	66
Investments in subsidiaries	16,893	268,483
	16,893	268,549
Current assets		
Trade and other receivables	75	83
Amounts due from subsidiaries	4,153	201,021
Cash and cash equivalents	18	44
	4,246	201,148
Current liabilities		
Other payables	245,821	247,589
Amount due to a director	12,774	7,540
Amount due to a shareholder	1,304	1,426
Amounts due to subsidiaries	416,123	613,884
	676,022	870,439
Net current liabilities	(671,776)	(669,291)
Total assets less current liabilities	(654,883)	(400,742)
Net liabilities	(654,883)	(400,742)

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

	2021 RMB'000	2020 RMB'000
Capital and reserves		
Share capital	**62,247**	62,247
Reserves (Note 32(a))	**(717,130)**	(462,989)
Total capital deficiency attributable to owners of the Company	**(654,883)**	(400,742)

Approved and authorised for issue by the board of directors on 15 September 2021.

Sun Shao Feng
Director

Wang Jinhuo
Director

38. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 30 April 2021 and 2020 are as follow:

Name of Company	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held: Group's effective holding	Held by the Company	Held by subsidiaries	Principal activities
Indirect subsidiaries:						
China Green (Jiangxi) Food Science Technique Limited (Note (i))	The PRC	HK$40,000,000	100%	–	100%	Sales of agricultural
China Green Harvest (Xiamen) Frozen Food Company Limited (Note (i))	The PRC	US$8,000,000	100%	–	100%	Trading of agricultural and frozen products
Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited (Note (ii))	The PRC	RMB68,000,000	100%	–	100%	Processing and sales of agricultural products
Zhonglu (Fujian) Food Industry Limited (Note (i))	The PRC	US$5,000,000	100%	–	100%	Processing and sales of agricultural products
Zhonglu (Hubei) Industry Development Limited (Note (i))	The PRC	RMB200,000,000	100%	–	100%	Growing, processing and sales of agricultural products
Hubei Eco-sky Agricultural Development Limited (Note (iii))	The PRC	RMB20,000,000	100%	–	100%	Growing, processing and sales of agricultural products

38. INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

(i) These entities were established in the PRC in the form of wholly foreign owned enterprises.

(ii) These entities were established in the PRC in the form of sino foreign equity joint venture enterprises.

(iii) These entities were established in the PRC in the form of limited liability enterprises.

(iv) The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

39. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 30 April 2021 and 2020, the Group had entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8, is as follows:

	2021	2020
	RMB'000	RMB'000
Short-term employee benefits	**7,568**	8,074
Post-employment benefits	**17**	25
	7,585	8,099

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

40. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2.2, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairments of non-financial assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, right-of-use assets, investments in subsidiaries, investment in an associate and investment in a joint venture, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and value in use. It is difficult to precisely estimate the fair value less costs to sell because the fair value (e.g. quoted market prices) for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and amount of operating costs.

In considering the impairment losses that may be required for current receivables, future cash flows need to be determined. Despite that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be different from the amount estimated.

40. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(b) Depreciation

Items of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated useful lives of the assets and the lease terms of the lease, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technologies changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell and the Group's produce are measured at fair value less costs to sell. The quantities of the Group's biological assets are measured with reference to the cultivation area. Management uses prices of recent market transactions, market prices for similar assets and sector benchmarks as a basis for measuring fair value. These prices are adjusted to reflect differences in characteristics and/or stages of growth of the assets.

The information about the fair value of the Group's biological assets are disclosed in Note 21 and 36.

(d) Provision of ECL for the trade and other receivables

Trade receivables and other receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, for trade receivables and other receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's financial assets are disclosed in Note 35(a).

41. EVENTS AFTER THE REPORTING PERIOD

Placing of New Shares under General Mandate

On 25 June 2021, the Company entered into a placing agreement with Yuet Sheung International Securities Limited (the "Placing Agent") as the placing agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis of not less than six placees, who and whose ultimate beneficial owners will be independent third parties of the Company and its connected persons, to subscribe for up to a maximum of 73,031,674 new shares of the Company at par value of HK$0.2 each (the "Placing Shares") with nominal value of HK$14,606,334.8 at the placing price of HK$0.2 per Placing Share (the "Placing"). The placing price of HK$0.2 represents a discount of approximately 6.98% to the closing price of HK$0.215 per share of the Company as quoted on the Stock Exchange on 25 June 2021.

The reason for carrying out the Placing was to strengthen the Group's financial position and widen the Company's shareholder base.

The Placing was completed on 21 July 2021. An aggregate of 73,031,674 Placing Shares were issued and allotted to not less than six placees under the general mandate granted to the Directors by a resolution of the Shareholders passed at the adjourned annual general meeting of the Company held on 4 December 2020.

The net proceeds amounted to approximately HK$14.2 million (equivalent to a net price of approximately HK$0.194 per Placing Share) has not yet been utilized. The Company intends to apply the net proceeds from the Placing as to (i) not more than HK$10,000,000 for any suitable investment when opportunities arise; and (ii) the remaining net proceeds of the Placing will be used as the general working capital of the Group, which is expected to be utilized by 31 December 2021.

For details of the Placing, please refer to the Company's announcements dated 25 June 2021 and 21 July 2021.

41. EVENTS AFTER THE REPORTING PERIOD (continued)

Proposed Issue of 5.5 per cent. coupon bonds due 2024

On 10 May 2021, the Company as issuer and Forest Resources Management Limited (the "Underwriter") as lead underwriter, entered into a framework agreement (the "Framework Agreement") pursuant to which the Underwriter agreed to act as lead underwriter of the Company, assist the Company to issue the 5.5% per annum bonds in an aggregate principal amount of up to US$30,000,000 with maturity date of three years from the date of issue (the "Bonds"). The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company which will rank equally and without any preference amongst themselves and at all times rank at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company, and the subscribers of the Bonds and their ultimate beneficial owners (if applicable) shall be third parties independent of the Company, its connected persons and their respective associates and not connected with the Company and any of the above persons.

On 11 August 2021, the Company and the Underwriter entered into a supplemental agreement to the Framework Agreement, pursuant to which the parties will negotiate and enter into a formal agreement pursuant to which the Underwriter shall, on a best endeavour basis during the period commence from the date of such agreement and up to (and including) 9 October 2021 to procure the subscribers to subscribe for the Bonds.

As at the date of this report, no formal agreement in respect of the issue of Bonds has been entered into between the Company and the Underwriter. For details, please refer to the Company's announcements dated 10 May 2021 and 11 August 2021.

Entering into the Land and Above-ground Assets Acquisition Agreement

On 12 August 2021, 中綠(湖北)食品開發有限公司(Zhonglu (Hubei) Food Development Limited*)("Zhonglu Hubei"), an indirect wholly-owned subsidiary of the Company, Changyang Tujia Autonomous County Land Reserve Center (長陽土家族自治縣土地儲備中心) (the "Land Reserve Center") and The People's Government of Gaojiayan Town at Changyang Tujia Autonomous County, Yichang City, Hubei Province, the PRC (中國湖北省宜昌市長陽土家族自治縣高家堰鎮人民政府) ("The Gaojiayan Town People's Government") entered into the Land and Above-ground Assets Acquisition Agreement (土地及地上資產收購合同), pursuant to which, Zhonglu Hubei agreed to dispose and the Land Reserve Center agreed to acquire Zhonglu Hubei's land use right of a parcel of state-owned land for construction, which is located in Gaojiayan Town, Changyang Tujia Autonomous County, Hubei Province, together with the above-ground assets (the "Hubei Transaction"). The relevant land in Hubei and the relevant assets on such land is a parcel of industrial land with area of approximately 9,510.46 square metres and building with area of approximately 3,828.65 square metres respectively. The consideration for the Hubei Transaction is RMB4,800,000.

The Hubei Transaction has been completed on 19 August 2021. For the details of the Hubei Transaction, please refer to the announcement of the Company dated 13 August 2021.

41. EVENTS AFTER THE REPORTING PERIOD (continued)

Entering into the Resumption Agreement for the Land Use Right of State-Owned Land for Construction

On 12 August 2021, 中綠(河北)食品開發有限公司(Zhonglu (Hebei) Food Development Limited*)("Zhonglu Hebei"), an indirect wholly-owned subsidiary of the Company, and The People's Government of Wanquan County at Zhangjiakou Municipal (張家口市萬全區人民政府) entered into the Resumption Agreement for the Land Use Right of State-owned Land for Construction (the "Resumption Agreement for the Land Use Right of State-Owned Land for Construction"), pursuant to which, The People's Government of Wanquan County at Zhangjiakou Municipal will resume the land use right of a parcel of state-owned land for construction located in the West of Aimin Road, Wanquan County, Zhangjiakou Municipal, Hebei Province, the PRC (中國河北省張家口市萬全區城區愛民路西) together with the plant and fixtures constructed thereon from Zhonglu Hebei (the "Hebei Transaction"). The relevant land in Hebei is a parcel of industrial land with total area of 19,740.84 square metres. The compensation payable to Zhonglu Hebei for the resumption of the relevant land in Hebei is RMB14,097,374.64. The aforesaid compensation is the compensation for the plant and fixtures erected thereon contemplated under the Resumption Agreement for the Land Use Right of State-Owned Land for Construction and the costs of dismount, transportation and installation of the equipment involved, and no compensation for the land use right of the state-owned land for construction.

As at the date of this report, the Hebei Transaction has not yet completed. For the details of the Hebei Transaction, please refer to the announcement of the Company dated 13 August 2021.

Disposal of Financial Asset

On 13 August 2021, the Company entered into an equity transfer agreement (the "Equity Transfer Agreement") with a company limited by shares incorporated in Hong Kong (the "Purchaser") in respect of the disposal of the Company's investment in financial asset (the "Financial Asset"), being 4.49% equity interest in a Hong Kong unlisted company, at the consideration of HK$100,000 (the "Disposal of Financial Asset").

Pursuant to the Equity Transfer Agreement, the Company shall transfer the Financial Asset to the Purchaser upon signing of the Equity Transfer Agreement and the Purchaser shall entitle to all rights and benefits of the Financial Asset absolutely, including legal title, distribution of profits and disposition of such Financial Asset; and the consideration shall be paid in cash by the Purchaser to the Company within 2 business days after the signing of the Equity Transfer Agreement.

41. EVENTS AFTER THE REPORTING PERIOD (continued)

Disposal of Financial Asset (continued)

The Disposal of Financial Asset had been completed on 13 August 2021 and necessary equity transfer procedure has been fulfilled and the consideration has been received by the Company. For details, please refer to the Company's announcement dated 13 August 2021.

Upon completion of the Disposal of Financial Asset, the matter leading to the audit disclaimer opinion on the scope limitation on financial assets at fair value through other comprehensive income has been resolved and addressed. After discussed with HLB Hodgson Impey Cheng Limited, the auditor of the Company, the Board expected that such audit disclaimer opinion related to financial assets at fair value through other comprehensive income will not have continuous effect in the financial statements of the Group as at 30 April 2022.

42. LITIGATION

HCA 2922/2017

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

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

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

On 12 July 2019, the Plaintiffs obtained leave from the Court to file its Re-Amended Statement of Claim. The Company's Amended Defence was filed on 30 August 2019.

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

On 2 March 2021, the Plaintiffs filed their Re-Re-Re-Amended Statement of Claim. The Company has sought legal advice and will defend the claims vigorously.

For the details of the abovementioned action, please refer to the Company's announcements dated 19 December 2017 and 20 December 2017 respectively.

42. LITIGATION (continued)

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.

There has not been any further steps taken in these proceedings since September 2020.

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

The Company understanding that at the hearing HCMP 41/2018 in August 2018, the justice determined in favor of defendants therein in respect of certain issue and adjourned the remainder of the issue to be heard in July 2019. The Company however was not aware of the results of the hearing in July 2019 and there has not been any further steps taken in these proceedings since July 2019.

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

HCA 399/2018

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

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

For details about the above mentioned action, please refer to the Company's announcement dated 14 February 2018.

43. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group (Note 26):

	2021	2020
	RMB'000	RMB'000
Property, plant and equipment (Note 14)	**76,200**	80,353
Bank deposits (Note 23)	**7,500**	6,750
Total	**83,700**	87,103

44. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 15 September 2021.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 30 April				
	2017	2018	2019	2020	**2021**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	221,885	506,416	471,173	449,442	**491,983**
Gross (loss)/profit	(80,619)	67,243	9,565	42,279	**59,662**
Loss before taxation	(1,134,742)	(511,446)	(645,071)	(846,398)	**(585,653)**
Loss attributable to owners of the Company	(1,146,816)	(541,195)	(645,071)	(846,398)	**(585,653)**
Non-current assets	1,678,036	1,820,800	1,313,204	1,120,335	**585,304**
Current assets	1,741,732	699,644	490,633	278,543	**391,807**
Current liabilities	(809,628)	(445,495)	(509,338)	(498,753)	**(648,395)**
Non-current liabilities	(215,808)	(193,722)	(69,581)	(535,386)	**(519,809)**
Total equity/(capital deficiency) attributable to owners of the Company	2,394,332	1,881,227	1,224,918	364,739	**(191,093)**
	(restated)	(restated)			
Basic loss per share (RMB)	(0.108)	(1.56)	(1.82)	(2.32)	**(1.60)**