



CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 682)



INTERIM REPORT
2022/2023

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The consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2022 and the consolidated statement of financial position of the Group as at 31 December 2022, together with the explanatory notes, are unaudited and condensed, which have been reviewed by the Company's Audit Committee and the Company's auditors, Elite Partners CPA Limited.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2022 — Unaudited

	Notes	Six months ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	3	45,723	43,410
Cost of sales		(32,634)	(31,978)
Gross profit		13,089	11,432
Other revenues		7,294	6,824
Selling and distribution expenses		(4,654)	(3,488)
General and administrative expenses		(16,638)	(22,565)
Other operating expenses		—	(1,364)
Loss from operations		(909)	(9,161)
Finance costs	5(a)	(178)	(113)
Loss before income tax	5	(1,087)	(9,274)
Income tax expense	6	(667)	—
Loss for the period		(1,754)	(9,274)
Other comprehensive expense, including reclassification adjustments and net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of financial statements of foreign operations		(881)	(663)
Other comprehensive expense for the period, including reclassification adjustments and net of income tax		(881)	(663)
Total comprehensive expense for the period		(2,635)	(9,937)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(continued)*

For the six months ended 31 December 2022 — Unaudited

	Notes	Six months ended 31 December	
		2022 RMB'000	2021 RMB'000
Loss for the period attributable to:			
Owners of the Company		(3,827)	(9,852)
Non-controlling interests		2,073	578
		(1,754)	(9,274)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,690)	(10,536)
Non-controlling interests		1,055	599
		(2,635)	(9,937)
Loss per share for loss attributable to the owners of the Company during the period			
— Basic	8(a)	RMB(0.001)	RMB(0.003)
— Diluted	8(b)	RMB(0.001)	RMB(0.003)

Condensed Consolidated Statement of Financial Position

As at 31 December 2022 — Unaudited

	Notes	31 December 2022 RMB'000	30 June 2022 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	29,236	30,275
Right-of-use assets	10	28,777	26,714
Investment properties		63,802	66,143
		121,815	123,132
Current assets			
Trade receivables	11	15,481	15,353
Other receivables, deposits and prepayments		2,747	2,984
Bank balances and cash		105,718	104,629
		123,946	122,966
Current liabilities			
Trade payables	12	2,542	2,846
Lease liabilities		2,585	635
Other payables and accruals		27,305	28,425
Tax payables		932	307
		33,364	32,213
Net current assets		90,582	90,753
Total assets less current liabilities		212,397	213,885
Non-current liabilities			
Lease liabilities		2,049	902
Net assets		210,348	212,983

Condensed Consolidated Statement of Financial Position *(continued)*

As at 31 December 2022 — Unaudited

	Notes	31 December 2022 RMB'000	30 June 2022 RMB'000 (Audited)
EQUITY			
Equity attributable to the owners of the Company			
Share capital	13	333,149	333,149
Reserves		(127,011)	(123,321)
		206,138	209,828
Non-controlling interests		4,210	3,155
Total equity		210,348	212,983

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022 — Unaudited

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Net cash generated from/(used in) operating activities	4,009	(3,997)
Net cash (used in)/generated from investing activities	(358)	43
Net cash used in financing activities	(2,547)	(1,753)
Net decrease in cash and cash equivalents	1,104	(5,707)
Cash and cash equivalents at beginning of the period	87,629	89,863
Effect of foreign exchange rate changes, net	(15)	(436)
Cash and cash equivalents at end of the period	88,718	83,720

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022 — Unaudited

	Attributable to the owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Six months ended 31 December 2021											
As at 1 July 2021	333,149	5,969,570	82,723	23,595	5,247	(226,529)	671,275	(6,633,338)	225,692	2,536	228,228
Loss for the period	—	—	—	—	—	—	—	(9,852)	(9,852)	578	(9,274)
Other comprehensive expense for the period											
— Currency translation differences	—	—	—	—	—	(684)	—	—	(684)	21	(663)
Total comprehensive expense for the period	—	—	—	—	—	(684)	—	(9,852)	(10,536)	599	(9,937)
As at 31 December 2021 (Unaudited)	333,149	5,969,570	82,723	23,595	5,247	(227,213)	671,275	(6,643,190)	215,156	3,135	218,291

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 31 December 2022 — Unaudited

	Attributable to the owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
Six months ended 31 December 2022											
As at 1 July 2022	333,149	5,969,570	82,723	23,310	5,247	(225,328)	671,275	(6,650,118)	209,828	3,155	212,983
Loss for the period	—	—	—	—	—	—	—	(3,827)	(3,827)	2,073	(1,754)
Other comprehensive expense for the period											
— Currency translation differences	—	—	—	—	—	137	—	—	137	(1,018)	(881)
Total comprehensive expense for the period	—	—	—	—	—	137	—	(3,827)	(3,690)	1,055	(2,635)
Lapse of share options	—	—	—	(19)	—	—	—	19	—	—	—
As at 31 December 2022 (Unaudited)	333,149	5,969,570	82,723	23,291	5,247	(225,191)	671,275	(6,653,926)	206,138	4,210	210,348

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022 — Unaudited

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2022 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2022 (the “2022 Annual Financial Statements”).

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2022 Annual Financial Statements, except for the adoption of the new, amended or revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which collectively include all applicable individual Hong Kong Financial Reporting Standard (“HKFRS”), Hong Kong Accounting Standard (“HKAS”) and Interpretation issued by the HKICPA) as disclosed in Note 2 to the Interim Financial Report.

The Interim Financial Report is unaudited but has been reviewed by Elite Partners CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the Group annual period beginning on 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (*continued*)

For the six months ended 31 December 2022 — Unaudited

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (*Continued*)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021) ³
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
Amendment to HKFRS 16	Lease Liability in a Sale and Leasable ³
Amendment to HKAS 1	Non-current Liabilities with Covenants ³

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure in foreseeable future.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2022 — Unaudited

3. REVENUE

The principal activities of the Group are the sales of crops.

Revenue represents the sales value of crop supplied to customers. Revenue from sales of crop is recognised at a point in time.

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the six months ended 31 December 2022 and 2021 were mainly derived from its sales of crops. Consequently, no operating segment analysis is presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC (excluding Hong Kong) as its country of domicile.

Over 90% of the Group's revenue from external customers by geographical location of customers are located in Hong Kong.

Over 90% of the Group's non-current assets are principally attributable to the PRC, being the single geographical region.

Revenue from customers of the current period contributing over 10% of the Group's total revenue are as follows:

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Customer A	5,470	5,706
Customer B	6,356	N/A*
Customer C	5,169	5,134

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2022 — Unaudited

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Bank and finance charges	3	22
Interest expenses on lease liabilities	175	91
	178	113

(b) Staff costs (including directors' remuneration)

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	6,556	7,643
Retirement benefit costs	568	647
	7,124	8,290

(c) Other items

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Interest income	(392)	(265)
Cost of inventories sold	32,634	31,978
Depreciation of property, plant and equipment, net of amount capitalised	1,541	1,806
Depreciation of right-of-use assets	2,485	2,703
Depreciation of investment properties	2,341	2,333
Expense related to short-term leases	18	502

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2022 — Unaudited

6. INCOME TAX EXPENSE

	Note	Six months ended 31 December	
		2022 RMB'000	2021 RMB'000
Current tax	(a)		
– PRC income tax		–	–
– Hong Kong profit tax		667	–
		667	–

- (a) No provision for the PRC enterprise income tax has been made in the condensed consolidated financial statements for six months ended 31 December 2022 and 2021 as the PRC companies within the Group either has no assessable profits arising from the PRC or exempt from the enterprise income tax.

According to the PRC tax law and its interpretation rules (the “PRC Tax Law”), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. Certain PRC subsidiaries engaged in qualifying agricultural business, which include the sales of crops, are entitled to full exemption of the enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2022 and 2021.

7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2022 (Six months ended 31 December 2021: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately RMB3,827,000 (Six months ended 31 December 2021: approximately RMB9,852,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2021: approximately 3,295,582,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of approximately RMB3,827,000 (Six months ended 31 December 2021: approximately RMB9,852,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2021: approximately 3,295,582,000) ordinary shares. The computation of diluted loss per share does not assume the conversion of the Company’s share options outstanding since their exercise would result in a decrease in loss per share for the six months ended 31 December 2022 and 2021.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2022 — Unaudited

9. PROPERTY, PLANT AND EQUIPMENT

	31 December 2022 RMB'000	30 June 2022 RMB'000
Net book value as at 1 July 2022/1 July 2021	30,275	33,874
Additions	3,685	193
Write off/Disposals	(3,039)	(167)
Depreciation charges	(1,541)	(3,636)
Exchange realignment	(144)	11
Net book value as at 31 December 2022/30 June 2022	29,236	30,275

10. RIGHT-OF-USE ASSETS

	Leasehold building RMB'000	Land use rights RMB'000	Long-term prepaid rentals RMB'000	Total RMB'000
Cost				
As at 1 July 2021	10,036	125,635	393,270	528,941
Addition	1,283	—	—	1,283
Termination of lease	(1,869)	—	—	(1,869)
Exchange realignment	250	—	(5,076)	(4,826)
As at 30 June 2022 and 1 July 2022	9,700	125,635	388,194	523,529
Additions	4,514	—	—	4,514
Early termination of lease	(8,739)	—	—	(8,739)
Exchange realignment	379	—	(3,584)	(3,205)
As at 31 December 2022	5,854	125,635	384,610	516,099
Accumulated depreciation				
As at 1 July 2021	6,284	101,026	390,561	497,871
Charges for the period	3,179	1,298	855	5,332
Termination of lease	(1,869)	—	—	(1,869)
Exchange realignment	557	—	(5,076)	(4,519)
At 30 June 2022 and 1 July 2022	8,151	102,324	386,340	496,815
Charges for the period	1,407	649	429	2,485
Early termination of lease	(8,739)	—	—	(8,739)
Exchange realignment	345	—	(3,584)	(3,239)
As at 31 December 2022	1,164	102,973	383,185	487,322
Net carrying value				
As at 31 December 2022	4,690	22,662	1,425	28,777
As at 30 June 2022	1,549	23,311	1,854	26,714

Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2022 — Unaudited

10. RIGHT-OF-USE ASSETS *(Continued)*

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Expenses relating to short-term leases and other leases with leases terms and with in 12 months of the date of initial application of HKFRS 16	18	502

The Group leases various office for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2021: 1 year to 4 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

11. TRADE RECEIVABLES

The Group's trading terms for its local wholesale and retail sales are mainly cash on delivery whereas local sales to institutional customers and export trading companies are mainly on credit. The credit period is generally for a period from one month to three months depending on the customers' credit worthiness.

Ageing analysis of trade receivables (net of allowance for credit losses) is as follows:

	31 December 2022 RMB'000	30 June 2022 RMB'000
0-1 month	7,662	8,038
1-3 months	5,146	6,016
Over 3 months	2,673	1,299
	15,481	15,353

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2022 — Unaudited

12. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2022 RMB'000	30 June 2022 RMB'000
0-1 month	2,479	2,771
1-3 months	—	—
Over 3 months	63	75
	2,542	2,846

13. SHARE CAPITAL

Authorised ordinary shares of HK\$0.1 each

	No. of shares (‘000)	HK\$'000	RMB'000
As at 1 July 2021, 30 June 2022, 1 July 2022 and 31 December 2022	5,000,000	500,000	527,515

Issued and fully paid ordinary shares of HK\$0.1 each

	No. of shares (‘000)	HK\$'000	RMB'000
As at 1 July 2021, 30 June 2022, 1 July 2022 and 31 December 2022	3,295,582	329,558	333,149

Notes to the Condensed Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2022 — Unaudited

14. COMMITMENTS

(a) Capital commitments

At the end of the reporting period, the Group did not have any material capital commitments.

(b) Operating lease commitments and arrangements

As lessor

At the end of the reporting period, the Group had total future minimum lease receivables, in respect of land and buildings, under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2022 RMB'000	30 June 2022 RMB'000
Within one year	11,036	9,612
In the second to fifth years, inclusive	22,735	23,455
After five years	7,844	11,916
Total	41,615	44,983

15. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the board of Directors on 28 February 2023.

Management Discussion and Analysis

FINANCIAL REVIEW

During the current financial period under review, the Group recorded a revenue of RMB46 million, representing an increment of approximately 5% as compared to RMB43 million for the same period ended last year. The increase in revenue was mainly due to the depreciation of Renminbi, however, the continuation of social distancing measures imposed by the government disrupted the Group's business operation and has partially offset the impact to the Group. The Group achieved gross profit of RMB13 million, while gross profit RMB11 million in the same period ended last year.

During the financial period under review, due to the depreciation of Renminbi, selling and distribution expenses increased from RMB3 million to RMB5 million. General and administrative expenses decreased by 26% to RMB17 million.

As a result of the above, during the financial period under review, the loss from operations of the Group amounted to RMB1 million (31 December 2021: RMB9 million) as well as loss for the period attributable to owners of the Company amounted to RMB4 million (31 December 2021: RMB10 million).

INDUSTRY OUTLOOK

At the beginning of 2023, the Central Committee of the Communist Party of China and the State Council released the 2023 "No.1 Document" focusing on the agricultural industry for twenty consecutive years. The document calls for better address in the key tasks of comprehensively promote rural revitalization this year.

The full text consists of 9 parts, including: maintain stable production and supply of grain and important agricultural products; strengthen the construction of agricultural infrastructure; strengthen the support of agricultural technology and equipment; consolidate and expand the achievements of poverty alleviation; promote the high-quality development of rural industries; increase rural incomes through a variety of channels; solidly promote the construction of a livable, business-friendly and beautiful countryside; improve the rural governance system under the leadership of the Communist Party; strengthen security policy and system mechanism innovation.

The document pointed out that the most arduous and arduous tasks of building a modern socialist country in an all-round way are still in the countryside. The world's major changes unseen in a century are accelerating. Strategic opportunities, risks and challenges coexist in China's development, and uncertain and unpredictable factors are increasing. It is very important to guard the basics of "Agriculture, Rural Areas and Rural People" and cannot bear to lose.

The Communist Party Central Committee believes that it is necessary to unswervingly solve the "Agriculture, Rural Areas and Rural People" issues as the top priority of the whole Party's work, mobilize the power of the whole Party and the whole society to comprehensively promote rural revitalization, and accelerate the modernization of agriculture and rural areas.

The document proposes to firmly uphold the bottom line of ensuring food security and preventing large-scale return to poverty, solidly promote key tasks such as rural development, rural construction, and rural governance, speed up the construction of a strong agricultural system in the country, and build a beautiful village that is livable and business-friendly.

Chaoda as the national level leading enterprise in green and modern agriculture, we had leveraged the Chaoda Innovation Think Tank professional team to improve innovative capability and scientific strength. Strived to adhere the green development concept, promoting green production, and attaching great importance to soil protection and rural ecological environment, so to improve the supply level and quality of agricultural products.

Management Discussion and Analysis

FUTURE OUTLOOK

Chaoda's new business model, which has been studied and tested in the past few years, is highly consistent with national policies. Chaoda's new business model addresses issues such as poor internal circulation of agricultural production, disconnection of agricultural production and sales, information asymmetry leading to "difficulties in selling" and "difficulties in buying," and outstanding regional, seasonal, and structural difficulties in agricultural products. Incorporate production-side products into system management, effectively connect with the demand-side, improve the modern agricultural industry system, production system, and operating system, promoting the standardization, informatization, and organization of agricultural products circulation, making full use of modern internet technology and big data platforms, through the agricultural futures market and trading means connect small-scale farmers with modern agriculture, which can effectively solve the problems of "difficulties in selling" and "difficulties in buying" caused by information asymmetry of agricultural products, and can promote agricultural efficiency and increase farmers' income.

Nevertheless, the COVID-19 pandemic continues to affect our daily life, particularly on social and business activities. The Group will keep a close eye on the industry trends and move quickly to allocate our resources on the businesses that will better position ourselves to capture growth opportunities when the business sentiment improves. The Group will also take a prudent approach to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, cash and cash equivalents of the Group amounted to RMB106 million (30 June 2022: RMB105 million), which includes RMB17 million restricted bank balance (30 June 2022: RMB17 million). In addition, the Group has no secured banking facilities (30 June 2022: Nil).

As at 31 December 2022, the total equity of the Group (including non-controlling interests) amounted to RMB210 million (30 June 2022: RMB213 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 31 December 2022 and 30 June 2022, the debt to equity ratio (bank loans over total equity) of the Group was nil. The current ratio (dividing total current assets by total current liabilities) was approximately 4 times (30 June 2022: 4 times).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

The Group's operating transactions were primarily denominated in Hong Kong Dollars and Renminbi. During the financial period under review, the Group was not exposed to material risk in respect of fluctuations in Hong Kong Dollars and Renminbi exchange rates. The Group will continue to closely monitor the risk and adopt appropriate measure should the needs arise.

During the financial period under review, the Group did not take part in any derivatives activities and did not enter into any hedging activities in respect of foreign exchange risk.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS

During the financial period under review, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the financial period under review, the Group did not carry out any material acquisitions and/or disposals in respect of subsidiaries and associates.

CHARGE ON ASSETS

As at 31 December 2022 and 30 June 2022, the Group did not charge any of its assets to any bank or other financial institutions.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2022 and 30 June 2022.

CAPITAL STRUCTURE

The capital structure of the Company includes issued share capital and reserves.

As at 31 December 2022, the Company has issued ordinary share capital of 3,295,582,491 shares. There was no change in the issued share capital of the Company during the financial period under review.

HUMAN RESOURCES

As at 31 December 2022, the Group employed 109 employees.

According to the Group's current remuneration policy, promotions and salary increments are based on objective factors like employees' job positions, work performance, qualifications and experience, and also by reference to the actual condition of the human resources market. In addition to basic salaries, the Group also distributes discretionary bonuses and/or other incentives based on the results of internal appraisal. Besides, the Group provides employees with other benefits such as pension, insurance, education, subsidies and training programs. In order to motivate the employees and enhance their sense of belonging so that they will support the Group's strategies, eligible employees are granted share options entitling them to subscribe for the Company's shares.

Other Information

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2022, the interests and short position of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in shares of the Company

Name of director	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests	2,028,000	645,092,644	19.57%
	Corporate interests (Note)	643,064,644		

Note: Held through Kailey Investment Ltd. which is wholly owned by Mr. Kwok Ho.

Long positions in underlying shares of the Company

Name of directors	Grant date	Exercisable period		Exercise price HK\$	Balance as at 01/07/2022	Number of share options		Balance as at 31/12/2022
		Starting	Ending			During the financial period under review	Granted	
Mr. Kuang Qiao	13/07/2016	13/07/2016	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2017	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2018	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2019	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2020	to 12/07/2026	0.187	2,000,000	—	—	2,000,000

Other Information

Name of directors	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2022	During the financial period under review		Balance as at 31/12/2022
						Granted	Lapsed	
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2017	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2018	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2019	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2020	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000
Mr. Tam Ching Ho	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000
Professor Lin Shun Quan	13/07/2016	13/07/2016	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2017	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2018	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2019	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2020	to 12/07/2026	0.187	100,000	—	—	100,000

Other Information

Save as disclosed above, as at 31 December 2022, none of the directors and chief executives of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which has been recorded in the register maintained by the Company under Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than as stated above, at no time during the financial period under review, the Company, or any of its subsidiaries was a party to any arrangement to enable the directors of the Company, their respective spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2022, the following parties (not being directors or chief executives of the Company) were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Long/short position	Number of shares and underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note)	Beneficial owner	Long	643,064,644	643,064,644	19.51%

Note: Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially and wholly owned by Mr. Kwok Ho.

Other Information

SHARE OPTION SCHEME

The 2015 Share Option Scheme

Pursuant to an ordinary resolution passed by shareholders of the Company at the annual general meeting of the Company held on 17 December 2015 (the "Adoption Date of the 2015 Share Option Scheme"), a new share option scheme (the "2015 Share Option Scheme") was adopted.

During the financial period under review, details of the movements of the share options under the 2015 Share Option Scheme are set out below:

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2022	During the financial period under review		Balance as at 31/12/2022
						Exercised	Lapsed	
Directors								
Mr. Kuang Qiao	13/07/2016	13/07/2016	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2017	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2018	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2019	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2020	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2017	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2018	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2019	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2020	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000

Other Information

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2022	During the financial period under review		Balance as at 31/12/2022
						Exercised	Lapsed	
Mr. Tam Ching Ho	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000
Professor Lin Shun Quan	13/07/2016	13/07/2016	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2017	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2018	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2019	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2020	to 12/07/2026	0.187	100,000	—	—	100,000
Employees								
in aggregate	13/07/2016	13/07/2016	to 12/07/2026	0.187	34,416,000	—	(40,000)	34,376,000
		13/07/2017	to 12/07/2026	0.187	34,416,000	—	(40,000)	34,376,000
		13/07/2018	to 12/07/2026	0.187	34,416,000	—	(40,000)	34,376,000
		13/07/2019	to 12/07/2026	0.187	34,416,000	—	(40,000)	34,376,000
		13/07/2020	to 12/07/2026	0.187	34,416,000	—	(40,000)	34,376,000
Other Participants								
in aggregate	13/07/2016	13/07/2016	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2017	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2018	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2019	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2020	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
Total					245,080,000	—	(200,000)	244,880,000

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

All members of the Audit Committee are independent non-executive directors, including Mr. Tam Ching Ho (the Chairman), Mr. Fung Chi Kin and Professor Lin Shun Quan. They possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee has reviewed the Interim Financial Report.

CORPORATE GOVERNANCE

The Board recognises that good corporate governance will not only safeguard the interests and assets of the Company and deliver long-term return to our shareholders, but will also lay a good foundation for sustainable growth of the Company. During the six months ended 31 December 2022, the Company has complied with the applicable 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 of Hong Kong Limited (the "Listing Rules"), except for the deviation stated below:

Code provision A.2.1 of the CG Code

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kwok Ho held and is currently performing both the roles of Chairman and Chief Executive Officer of the Company. The Board considers that Mr. Kwok, as the founder of the Group, has profound knowledge and expertise in agricultural business. Under the present structure, the Group can enjoy the benefit of strong and consistent leadership in the development and execution of the Group's business strategies in the most efficient and effective manner. The Board will review and assess such arrangement from time to time to keep a balance of power and authority.

Code provision E.1.2 of the CG Code

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Kwok Ho, the chairman of the Board, was absent from the annual general meeting held on 16 December 2022 due to the business engagement. Mr. Ip Chi Ming, a non-executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

The Board will constantly review the corporate governance policies of the Company and adopt such practices and procedures as considered by it to be appropriate and in the overall interests of the Company and our shareholders as a whole from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 31 December 2022.

On behalf of the Board
Kwok Ho
Chairman

Hong Kong, 28 February 2023