THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chaoda Modern Agriculture (Holdings) Limited 超大現代農業(控股)有限公司, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
超大現代農業(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)

(1) MAJOR AND CONNECTED TRANSACTIONS: ACQUISITIONS OF AN AGGREGATE OF 34% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

RAINBOW CAPITAL (HK) LIMITED
滂 博 資 本 有 限 公 司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

A notice convening the EGM of Chaoda Modern Agriculture (Holdings) Limited to be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 11 December 2026 at 11:00 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:30 a.m. on the same day or any adjournment thereof) is set out on pages 84 to 86 of this circular.

Whether or not you are able to attend the EGM, complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding any part of a day that is a public holiday in Hong Kong) before the time appointed for holding the EGM (that is, by Wednesday, 9 December 2026 at 11:00 a.m.) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

19 November 2026

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition I"	the proposed acquisition of 19% of the total issued shares of the Target Company, by the Purchaser from Vendor I pursuant to the Sale and Purchase Agreement I
"Acquisition II"	the proposed acquisition of 8% of the total issued shares of the Target Company, by the Purchaser from Vendor II pursuant to the Sale and Purchase Agreement II
"Acquisition III"	the proposed acquisition of 7% of the total issued shares of the Target Company, by the Purchaser from Vendor III pursuant to the Sale and Purchase Agreement III
"Acquisitions"	collectively, Acquisition I, Acquisition II and Acquisition III
"Board"	the board of Directors
"Business Day"	day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m., or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for general business
"Company"	Chaoda Modern Agriculture (Holdings) Limited 超大現代農業(控股)有限公司, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of an Acquisition in accordance with the terms and conditions of the relevant Sale and Purchase Agreement
"Completion Date"	the date on which Completion takes place under the relevant Sale and Purchase Agreement

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration payable by the Purchaser for the Acquisitions
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 11 December 2026 at 11:00 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:30 a.m. on the same day or any adjournment thereof) for the Independent Shareholders to, among others, consider and, if thought fit, approve the Sale and Purchase Agreements and the transactions contemplated thereunder
"Enlarged Group"	the Group immediately following Completion of all the Acquisitions
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board formed by the Company, which comprises all the independent non-executive Directors, namely Mr. Fung Chi Kin, Mr. Tam Ching Ho and Ms. Li Ying
"Independent Financial Adviser"	Rainbow Capital (HK) Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Shareholders and the Independent Board Committee in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders other than those who are required under the Listing Rules to abstain from voting on the resolution(s) to approve the Sale and Purchase Agreements and the transactions contemplated thereunder at the EGM

"Latest Practicable Date"	13 November 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Chaoda Vegetable & Fruits Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement I"	the sale and purchase agreement dated 14 September 2026 entered into between the Purchaser and Vendor I in relation to Acquisition I
"Sale and Purchase Agreement II"	the sale and purchase agreement dated 14 September 2026 entered into between the Purchaser and Vendor II in relation to Acquisition II
"Sale and Purchase Agreement III"	the sale and purchase agreement dated 14 September 2026 entered into between the Purchaser and Vendor III in relation to Acquisition III
"Sale and Purchase Agreements"	collectively, the Sale and Purchase Agreement I, the Sale and Purchase Agreement II and the Sale and Purchase Agreement III
"Sale Shares"	the 850,000 shares of the Target Company to be acquired by the Purchaser pursuant to the Sale and Purchase Agreements, representing in aggregate 34% of the issued shares of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary Share(s) of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited, a company incorporated in Hong Kong with limited liability, which as at the date of the Sale and Purchase Agreements was held as to 60% by the Purchaser, 19% by Vendor I, 8% by Vendor II and 13% by Vendor III
"Vendor I"	Mr. Ng Fai Hung, a substantial shareholder and a director of the Target Company and accordingly a connected person of the Company at the subsidiary level
"Vendor II"	Mr. Huang Shao Chuang, a shareholder and a director of the Target Company and accordingly a connected person of the Company at the subsidiary level
"Vendor III"	Mr. Lo Poon Lap, a substantial shareholder and a director of the Target Company and accordingly a connected person of the Company at the subsidiary level
"Vendors"	collectively, Vendor I, Vendor II and Vendor III
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
超大現代農業(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)

Executive Directors:
Mr. Kwok Ho *(Chairman)*
Mr. Kuang Qiao

Non-executive Directors:
Mr. Ip Chi Ming

Independent non-executive Directors:
Mr. Fung Chi Kin
Mr. Tam Ching Ho
Ms. Li Ying

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
Room B, 21/F
Times Media Centre
133 Wan Chai Road
Wanchai, Hong Kong

19 November 2026

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTIONS: ACQUISITIONS OF AN AGGREGATE OF 34% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Reference is made to the announcement of the Company dated 14 September 2026 in relation to the Acquisitions. The Board is pleased to announce that on 14 September 2026 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into three separate sale and purchase agreements with each of the Vendors, pursuant to which the Purchaser conditionally agreed to acquire, and each Vendor conditionally agreed to sell, an aggregate of 34% of the total issued shares of the Target Company for an aggregate Consideration of HK$5,190,000.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreements; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of EGM.

THE SALE AND PURCHASE AGREEMENTS

The principal terms of each of the Sale and Purchase Agreements, which are substantially in the same form save as disclosed below, are as follows:

Date

14 September 2026 (after trading hours)

Parties

Sale and Purchase Agreement I

(1) the Purchaser, a wholly-owned subsidiary of the Company

(2) Vendor I, Mr. Ng Fai Hung, a substantial shareholder and a director of the Target Company and thus a connected person of the Company at the subsidiary level

Sale and Purchase Agreement II

(1) the Purchaser, a wholly-owned subsidiary of the Company

(2) Vendor II, Mr. Huang Shao Chuang, a director of the Target Company and thus a connected person of the Company at the subsidiary level

Sale and Purchase Agreement III

(1) the Purchaser, a wholly-owned subsidiary of the Company

(2) Vendor III, Mr. Lo Poon Lap, a substantial shareholder and a director of the Target Company and thus a connected person of the Company at the subsidiary level

Assets to be acquired

Pursuant to the Sale and Purchase Agreements, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, an aggregate of 850,000 Sale Shares, representing 34% of the issued shares of the Target Company, as follows:

Vendor	Number of issued shares of the Target Company held as at the date of the Sale and Purchase Agreements	Sale Shares	Number of issued shares of the Target Company held after Completion
Vendor I	475,000(19%)	475,000(19%)	–
Vendor II	200,000 (8%)	200,000 (8%)	–
Vendor III	325,000(13%)	175,000 (7%)	150,000(6%)

The Sale and Purchase Agreements do not provide for (i) any guarantee of the profits or net tangible assets or other matters regarding the financial performance of the Target Company by any of the Vendors; or (ii) any option granted to the Group to sell the Target Company or any of the Sale Shares back to any of the Vendors, or any other rights given to the Group to require any Vendor to repurchase any interest in the Target Company.

Consideration

The aggregate Consideration payable by the Purchaser for the Acquisitions is HK$5,190,000, and shall be settled in cash within 30 days upon Completion out of the internal resources of the Group.

The consideration payable under each of the Sale and Purchase Agreements is as follows:

(a) under the Sale and Purchase Agreement I, the consideration payable to Vendor I for the 475,000 Sale Shares, representing 19% of the total issued shares of the Target Company, is HK$2,280,000, being HK$4.80 per Sale Share;

(b) under the Sale and Purchase Agreement II, the consideration payable to Vendor II for the 200,000 Sale Shares, representing 8% of the total issued shares of the Target Company, is HK$960,000, being HK$4.80 per Sale Share; and

(c) under the Sale and Purchase Agreement III, the consideration payable to Vendor III for the 175,000 Sale Shares, representing 7% of the total issued shares of the Target Company, is HK$1,950,000, being approximately HK$11.1 per Sale Share.

As confirmed by the Vendors, (a) the original acquisition cost of the 475,000 shares of the Target Company held by Vendor I was HK$475,000, all of which are Sale Shares under Sale and Purchase Agreement I; (b) the original acquisition cost of the 200,000 shares of the Target Company held by Vendor II was HK$200,000, all of which are Sale Shares under Sale and Purchase Agreement II; and (c) the original acquisition cost of the 325,000 shares of the Target Company held by Vendor III was HK$325,000, of which HK$175,000 is attributable to the 175,000 Sale Shares under Sale and Purchase Agreement III.

The Consideration under each of the Sale and Purchase Agreements was determined after arm's length negotiations between the Purchaser and the relevant Vendor with reference to (i) the unaudited net asset value of the Target Company as at 30 June 2026 of approximately HK$37,120,000; (ii) the historical financial performance of the Target Company; and (iii) the reasons for and benefits of the Acquisitions as described below.

The consideration per Sale Share payable under the Sale and Purchase Agreement III is higher than that payable under the Sale and Purchase Agreement I and the Sale and Purchase Agreement II. The difference arose from the separate arm's length negotiations conducted with each of the Vendors, having regard to their respective positions in the Target Company and the fact that, upon Completion, Vendor III will retain a minority shareholding while Vendor I and Vendor II will dispose of their entire interests. In fact, Vendor III is the managing director of the Target Company and one of the five highest paid employees of the Group for each of three years ended 30 June 2024, 2025 and 2026. Whilst his involvement and role in the Target Company have been recognised in the remunerations and benefits paid to him, the Company values and relies on his critical tacit knowledge, proprietary operational expertise, and key customer and supplier relationships to operate the Target Company, and would like to secure his continued commitment and align his remaining 6% equity interest with the Target Company, which is distinct from a separate salary payment or remuneration. The Company is also of the view that it may be more costly for the Company to employ a new managing director with similar knowledge and expertise, and Vendor III's roles and responsibilities and level of involvement in the Target Company will remain the same upon completion of the Acquisition. In addition, under the employment contract entered into between Vendor III and the Target Company, the term of service is renewed automatically upon expiry, and Vendor III undertook that he shall not terminate his employment with the Target Company from the date of the Sale and Purchase Agreement III and for a period of two years commencing from the Completion Date. Since the retention of Vendor III as the managing director of the Target Company, who is responsible for overseeing the daily operations and strategy execution of the Target Company, will minimise disruption to the day-to-day operation, facilitate the continuing business of the Target Company and ensure a smooth operational transition, the Board considers that a higher consideration per Sale Share payable under the Sale and Purchase Agreement III is justifiable to reflect such additional strategic value attributable to the continued involvement and alignment of interests of Vendor III following Completion, and believes that a premium could incentivize Vendor III to work towards the continued success of the Target Company and commit to ongoing service arrangements, thereby mitigating key-person disruption risk for the benefit of the Company and the Shareholders.

Having regard to the arm's-length nature of the negotiations, the overall discount to net assets, and the strategic benefit of increasing the Group's interest in its principal operating subsidiary, the Directors (including the independent non-executive Directors) consider the differential pricing to be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion under each of the Sale and Purchase Agreements is conditional upon the fulfilment or waiver (as the case may be) of the following conditions (the "**Conditions Precedent**"):

(a) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the relevant Sale and Purchase Agreement and the transactions contemplated thereunder;

(b) all necessary consents, licences and approvals required to be obtained on the part of the relevant Vendor in respect of the relevant Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;

(c) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser and the Company in respect of the relevant Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect; and

(d) the warranties given by the relevant Vendor in the relevant Sale and Purchase Agreement remaining true, accurate and not misleading in all respects.

The Purchaser may at its absolute discretion at any time waive in writing the Condition Precedent set out in (d) above and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. All other Conditions Precedent above are incapable of being waived. If the Conditions Precedent in respect of any Sale and Purchase Agreement have not been satisfied (or as the case may be, waived) at or before 12:00 noon on 31 December 2026, or such later date and time as the parties thereto may agree in writing, that Sale and Purchase Agreement shall cease and determine, and thereafter none of the parties thereto shall have any obligations or liabilities thereunder save for any antecedent breaches of the terms thereof.

For the avoidance of doubt, completion of each Sale and Purchase Agreement is not inter-conditional upon each other. The termination of, or failure to complete, any one Sale and Purchase Agreement will not affect the validity, enforceability or completion of the others.

Completion

Completion under each of the Sale and Purchase Agreements shall take place on the third Business Day after all the Conditions Precedent thereunder have been satisfied (or waived), or such other date as the parties thereto may agree in writing. It is currently expected that Completion under all three Sale and Purchase Agreements will take place simultaneously.

Immediately upon Completion of all the Sale and Purchase Agreements, the Company's indirect interest in the Target Company will increase from 60% to 94%, and Vendor III will be the sole minority shareholder of the Target Company holding 6% of its issued shares.

The shareholding structure of the Target Company immediately before and immediately after Completion of all the Sale and Purchase Agreements is set out below:

Shareholder	Immediately before Completion	Immediately after Completion
The Purchaser	60%	94%
Vendor I	19%	–
Vendor II	8%	–
Vendor III	13%	6%
Total	**100%**	**100%**

As the Target Company is currently a subsidiary of the Company and its financial results are consolidated into the accounts of the Group, the Acquisitions will not result in any change in the basis of consolidation of the Target Company. The Acquisitions are expected to result principally in a reduction in the non-controlling interests of the Group and a corresponding adjustment to the equity attributable to owners of the Company.

INFORMATION ON THE PARTIES

The Company and the Purchaser

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group mainly operates in Hong Kong and is principally engaged in sales of crops.

The Purchaser is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in distribution and trading of crops in Hong Kong.

The Vendors

Vendor I is an individual resident in the PRC and is a substantial shareholder of the Target Company holding 19% of its issued shares as at the Latest Practicable Date. Vendor I is also a director of the Target Company.

Vendor II is an individual resident in the PRC and holds 8% of the issued shares of the Target Company as at the Latest Practicable Date. Vendor II is also a director of the Target Company.

Vendor III is an individual resident in Hong Kong and is a substantial shareholder of the Target Company holding 13% of its issued shares as at the Latest Practicable Date. Vendor III is also a director of the Target Company.

Each of the Vendors is a merchant. Each of Vendor I and Vendor II will resign as a director of the Target Company with effect from Completion of the relevant Acquisition.

The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in wholesale and logistics of vegetables and fruits in Hong Kong. Set out below is a summary of the financial information of the Target Company for each of the three financial years ended 30 June 2024, 2025 and 2026:

	For the year ended 30 June		
	2024	**2025**	**2026**
	(audited)	*(audited)*	*(audited)*
	HK$'000	*HK$'000*	*HK$'000*
	(approximate)	*(approximate)*	*(approximate)*
Revenue	68,885	59,190	54,849
Profit before taxation	3,487	208	(4,053)
Profit after taxation	3,138	208	(4,053)

The audited net asset value of the Target Company as at 30 June 2026 amounted to approximately HK$33,611,000.

The Target Company recorded a loss of approximately HK$4.05 million for the year ended 30 June 2026, as compared with a profit of approximately HK$0.21 million for the year ended 30 June 2025. The loss was primarily attributable to the decrease in revenue and gross profit, which was in line with the challenging operating environment in Hong Kong as described in the Company's annual report for the year ended 30 June 2026, and the recognition of an impairment loss of approximately HK$3.54 million under the expected credit loss model. The Directors consider that the loss does not reflect a permanent adverse change in the business of the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Target Company is a principal subsidiary of the Group and accounted for a substantial portion of the Group's total revenue for the financial year ended 30 June 2025 and the year ended 30 June 2026. The Acquisitions represent an opportunity for the Group to increase its equity interest in the Target Company from 60% to 94%, thereby increasing the proportion of the profits and net assets of the Target Company attributable to the Shareholders.

Although the Target Company's financial performance was deteriorating in the past three years, including a decline in revenue and profit and the loss-making position for the year ended 30 June 2026, taking into account that (i) the Target Company is a principal subsidiary of the

Group and accounted for a substantial portion of the Group's total revenue for the two years ended 30 June 2025 and 2026. The Acquisitions aim to increase the Group's shareholding on an existing principal subsidiary rather than a pure acquisition of a new profitable business which may expose the Group to the risk of operating a new business. The Acquisitions will (a) simplify the shareholding structure of the Target Company and reduce the administrative and operational constraints with the existing minority shareholdings; (b) enhance the Group's control over, and flexibility in the management and funding of, the Target Company; and (c) enable the Group to retain a greater share of the Target Company's revenue and net assets, being the principal revenue-contributing member of the Group and share more on the abundant cash balance and operating cash flows of the Target Company; (ii) the aggregate Consideration of HK$5,190,000 only represents approximately 5.3% of the Group's cash balance as at 30 June 2026, such that the Acquisitions will not have any material adverse effect on the working capital and liquidity of the Group; (iii) the Acquisitions are consistent with the Group business strategy to concentrate on the Company's core competencies and enhance operational efficiency; and (iv) the loss-making position is only temporary due to the recognition of an impairment loss and does not reflect a permanent adverse change in the business of the Target Company as set out above, the Company expects that the Target Company will generate earnings and cash flows for the Group going forward.

The Consideration will be satisfied out of the internal resources of the Group. Having regard to the aggregate Consideration of HK$5,190,000 and the financial position of the Group, the Directors consider that the Acquisitions will not have any material adverse effect on the working capital or liquidity of the Group.

The Directors (with the views of the independent non-executive Directors set out in the section headed "Letter from the Independent Board Committee" in this circular) consider that the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, each of the Vendors is a director of the Target Company, and each of Vendor I and Vendor III is also a substantial shareholder of the Target Company, being a subsidiary of the Company. Each of the Vendors is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, a series of transactions are required to be aggregated and treated as if they were a single transaction, provided that they are all completed within a 12-month period or otherwise related. As the Acquisitions are entered into by the Purchaser with the respective Vendors at the same time, the Acquisitions shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisitions, on an aggregated basis, exceed 25%, but all are less than 100%, the Acquisitions constitute a major and connected transaction of the Company and are therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Fung Chi Kin, Mr. Tam Ching Ho and Ms. Li Ying has been established by the Company to consider and to advise the Independent Shareholders whether the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how to vote on the Sale and Purchase Agreements and the transactions contemplated thereunder at the EGM, after taking into account the advice of the Independent Financial Adviser.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder.

EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreements and the transactions contemplated thereunder.

Each of Mr. Kwok Ho, an executive Director and the Chairman of the Company, and Mr. Ip Chi Ming, a non-executive Director of the Company, is also a director of the Target Company. Neither of them holds any equity interest in the Target Company. As at the date of the Sale and Purchase Agreements, Vendor II was indebted to Mr. Ip Chi Ming. In light of that indebtedness, Mr. Ip was considered to have a material interest in the Sale and Purchase Agreement II and the Acquisition II and has accordingly abstained from voting on the relevant Board resolutions.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has a material interest in the Sale and Purchase Agreements or the transactions contemplated thereunder, and accordingly none of the Directors was required to abstain from voting on the relevant Board resolutions approving the Sale and Purchase Agreements and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Sale and Purchase Agreements or the transactions contemplated thereunder, and accordingly no Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM.

The notice convening the EGM is set out on pages 84 to 86 of this circular. A form of proxy is enclosed for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and sign the form of proxy as instructed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding any part of a day that is a public holiday in Hong Kong) before the time appointed for holding the EGM (that is, by Wednesday, 9 December 2026 at 11:00 a.m.) or any adjournment thereof. Delivery of the form of proxy will not preclude you from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. The Chairman of the EGM will exercise his power under Article 80 of the memorandum and articles of association of the Company to put the resolutions to be proposed at the EGM to vote by way of poll. The results of the poll will be published on the websites of the Company and the Stock Exchange in accordance with Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

To ascertain the eligibility of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 8 December 2026 to Friday, 11 December 2026 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on Monday, 7 December 2026. The Shareholders whose names appear on the register of members of the Company on Friday, 11 December 2026 are entitled to attend and vote at the EGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the proposed resolutions to be transacted at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the proposed resolutions.

GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Chaoda Modern Agriculture (Holdings) Limited
Kwok Ho
Chairman

CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
超大現代農業(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)

19 November 2026

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION: ACQUISITIONS OF AN AGGREGATE OF 34% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

We refer to the circular dated 19 November 2026 (the "**Circular**") issued by the Company to the Shareholders, of which this letter forms part. Capitalized terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion the terms of the Sale and Purchase Agreements (the "**Sale and Purchase Agreements**") and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the board, as set out on pages 5 to 14 of the Circular and the text of a letter of advice from the Independent Financial Adviser, as set out on pages 17 to 31 of the Circular, both of which provide details of the Sale and Purchase Agreements and the transactions contemplated thereunder.

Having considered (i) the Sale and Purchase Agreements and the transactions contemplated thereunder; (ii) the advice from Rainbow Capital (HK) Limited; and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder are on normal commercial terms, although not in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Sale and Purchase Agreements and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,

For and on behalf of
The Independent Board Committee of
Chaoda Modern Agriculture (Holdings) Limited

Mr. Fung Chi Kin **Mr. Tam Ching Ho** **Ms. Li Ying**
Independent non-executive Director

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions, which has been prepared for the purpose of incorporation in this circular.

Rainbow Capital (HK) Limited



19 November 2026

To the Independent Board Committee and the Independent Shareholders

Chaoda Modern Agriculture (Holdings) Limited
Room B, 21/F, Times Media Centre
133 Wan Chai Road
Wanchai, Hong Kong

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION ACQUISITIONS OF AN AGGREGATE OF 34% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 19 November 2026 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 14 September 2026 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into three separate sale and purchase agreements with each of the Vendors, pursuant to which the Purchaser conditionally agreed to acquire, and each Vendor conditionally agreed to sell, an aggregate of 34% of the total issued shares of the Target Company for an aggregate Consideration of HK$5,190,000.

As at the Latest Practicable Date, the Company is indirectly interested in 60% of the total issued shares of the Target Company through the Purchaser. Upon Completion of all the Acquisitions, the Company will be indirectly interested in 94% of the total issued shares of the Target Company. The Target Company will continue to be a non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated into the accounts of the Group.

As at the Latest Practicable Date, each of the Vendors is a director of the Target Company, and each of Vendor I and Vendor III is also a substantial shareholder of the Target Company, being a subsidiary of the Company. Each of the Vendors is therefore a connected person of the

Company at the subsidiary level under the Listing Rules. Accordingly, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, a series of transactions are required to be aggregated and treated as if they were a single transaction, provided that they are all completed within a 12-month period or otherwise related. As the Acquisitions are entered into by the Purchaser with the respective Vendors at the same time, the Acquisitions shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisitions, on an aggregated basis, exceed 25%, but all are less than 100%, the Acquisitions constitute a major and connected transaction of the Company and are therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Fung Chi Kin, Mr. Tam Ching Ho and Ms. Li Ying, has been formed to advise the Independent Shareholders on whether (i) the entering into of the Acquisitions are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Acquisitions are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders as to voting. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, the Vendors and the Target Company that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group, the Vendors or the Target Company and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Acquisitions. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Acquisitions.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all the statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, the Target Company or their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering the fairness and reasonableness of the Acquisitions, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group mainly operates in Hong Kong and is principally engaged in sales of crops.

Set out below is a summary of the consolidated financial information of the Group for the three years ended 30 June 2026 ("**FY2024**", "**FY2025**" and "**FY2026**", respectively) as extracted from the annual reports of the Company for FY2025 and FY2026:

(i) Financial performance

	FY2024 *RMB'000 (audited)*	**FY2025** *RMB'000 (audited)*	**FY2026** *RMB'000 (audited)*
Revenue	**74,467**	**63,360**	**57,342**
Cost of sales	(50,441)	(44,155)	(40,997)
Gross profit	**24,026**	**19,205**	**16,345**
Other income	14,520	14,220	11,235
Other gains or losses, net	(2,077)	313	3
Impairment loss under expected credit loss model	–	–	(3,193)
Selling and distribution expenses	(9,482)	(9,066)	(8,231)
General and administrative expenses	(40,319)	(39,192)	(30,634)
Finance costs	(143)	(179)	(75)
Loss before income tax	**(13,475)**	**(14,699)**	**(14,550)**
Income tax expense	(445)	–	(1,569)
Loss attributable to the Shareholders	**(16,785)**	**(14,640)**	**(15,884)**

FY2025 compared to FY2024

Revenue of the Group decreased by approximately 14.9% from approximately RMB74.5 million for FY2024 to approximately RMB63.4 million for FY2025, primarily attributable to the changing leisure habits of many local residents during FY2025. There has been a significant rise in the number of locals making short-stay trips to locations outside Hong Kong for shopping and dining, especially Shenzhen and the Greater Bay Area, and particularly on weekends. On the other hand, although the number of inbound tourists also increased by more than 11% to approximately 47 million during FY2025, the number of Hong Kong visitors travelling to Shenzhen was far more than the number of visitors from the Mainland during the same period. Such a large difference adversely affected the food and beverage and retail industries, as well as the performance of the Group's local sales.

In line with the decrease in revenue, gross profit of the Group decreased by approximately 20.1% from approximately RMB24.0 million for FY2024 to approximately RMB19.2 million for FY2025.

Despite the decrease in revenue and gross profit as mentioned above, the Group recorded loss attributable to the Shareholders of approximately RMB14.6 million for FY2025, which represented a decrease of approximately 12.8% from approximately RMB16.8 million for FY2024. Such decrease in net loss was primarily attributable to (a) the turnaround from net other losses of approximately RMB2.1 million for FY2024 to net other gains of approximately RMB0.3 million for FY2025 as a result of the recognition of a one-off loss on deregistration of a subsidiary of approximately RMB3.0 million for FY2024; and (b) the decrease in general and administrative expenses by approximately RMB1.1 million as a result of the Group's cost-saving efforts by reducing non-essential expenses.

FY2026 compared to FY2025

The revenue of the Group decreased by approximately 9.5% from approximately RMB63.4 million for FY2025 to approximately RMB57.3 million for FY2026, primarily attributable to that Hong Kong's overall economic recovery remained subdued given ongoing uncertainties in the global economy and consumer sentiment among both visitors and citizens had yet to fully recover. The consumer market remained in an adjustment phase, on the other hand, the trend of northbound consumption continued to grow, significantly diverting customers from the local food and beverage and retail industries.

In line with the decrease in revenue, gross profit of the Group decreased by approximately 14.9% from approximately RMB19.2 million for FY2025 to approximately RMB16.3 million for FY2026.

The Group recorded loss attributable to the Shareholders of approximately RMB15.9 million for FY2026, which represented an increase of approximately 8.5% from approximately RMB14.6 million for FY2025. Such increase in net loss was primarily attributable to (a) the decrease in revenue and gross profit as

mentioned above; and (b) the recognition of impairment loss under expected credit loss model of approximately RMB3.2 million for FY2026, which was partially offset by the decrease in general and administrative expenses by approximately RMB8.6 million.

(ii) Financial position

	As at 30 June		
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(audited)*
Non-current assets, including:	**108,264**	**98,168**	**88,872**
Property, plant and equipment	25,933	23,713	22,125
Right-of-use assets	25,520	22,310	18,500
Investment properties	56,811	52,145	48,247
Current assets, including:	**126,083**	**115,510**	**92,454**
Trade receivables	15,743	10,554	6,399
Restricted bank balances	17,000	17,000	–
Bank balances and cash	88,983	83,254	83,194
Total assets	**234,347**	**213,678**	**181,326**
Current liabilities, including:	**32,432**	**26,118**	**5,224**
Other payables and accruals	27,431	22,353	3,779
Non-current liabilities	**2,174**	**452**	**303**
Total liabilities	**34,606**	**26,570**	**5,527**
Equity attributable to the Shareholders	**192,745**	**180,448**	**169,939**

As at 30 June 2026, total assets of the Group amounted to approximately RMB181.3 million, which mainly included (a) property, plant and equipment of approximately RMB22.1 million, mainly representing the Group's leasehold improvements and buildings; (b) right-of-use assets of approximately RMB18.5 million, mainly representing the Group's land use rights; (c) investment properties of approximately RMB48.2 million; (d) trade receivables of approximately RMB6.4 million; and (e) bank balances and cash of approximately RMB83.2 million.

As at 30 June 2026, total liabilities of the Group amounted to approximately RMB5.5 million, which mainly included other payables and accruals of approximately RMB3.8 million.

As at 30 June 2026, the Group had equity attributable to the Shareholders of approximately RMB169.9 million.

2. Information on the Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in wholesale and logistics of vegetables and fruits in Hong Kong. Set out below is a summary of the financial information of the Target Company for FY2024, FY2025 and FY2026. For details, please refer to Appendix II to the Circular.

	FY2024	**FY2025**	**FY2026**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Revenue	68,885	59,190	54,849
Profit/(loss) before taxation	3,487	208	(4,053)
Profit/(loss) after taxation	3,138	208	(4,053)

The audited net asset value of the Target Company as at 30 June 2026 amounted to approximately HK$33,611,000.

The Target Company recorded a loss of approximately HK$4.05 million for FY2026, as compared with a profit of approximately HK$0.21 million for FY2025. The loss was primarily attributable to the decrease in revenue and gross profit, which was in line with the challenging operating environment in Hong Kong as described in the Company's annual report for FY2026, and the recognition of an impairment loss of approximately HK$3.54 million under the expected credit loss model. The Directors consider that the loss does not reflect a permanent adverse change in the business of the Target Company.

3. Reasons for and benefits of the Acquisitions

As disclosed in the Letter from the Board, the Target Company is a principal subsidiary of the Group and accounted for a substantial portion of the Group's total revenue for FY2025 and FY2026. The Acquisitions represent an opportunity for the Group to increase its equity interest in the Target Company from 60% to 94%, thereby increasing the proportion of the profits and net assets of the Target Company attributable to the Shareholders. In this regard, we have obtained and reviewed the audited financial statements of the Target Company for FY2024, FY2025 and FY2026 and noted that the Target Company recorded net profits for both FY2024 and FY2025. The Target Company changed from net profit of approximately HK$208,000 for FY2025 to net loss of approximately HK$4.1 million for FY2026, primarily attributable to (i) the decrease in revenue and gross profit as a result of the challenging operating environment in Hong Kong; and (ii) the recognition of impairment loss under expected credit loss model of approximately HK$3.5 million for FY2026. As advised by the management of the Group, this impairment loss was related to a major customer which was ordered to be liquidated by the High Court in October 2025. Afterwards, the Target Company has implemented a series of measures to prevent the reoccurrence of such significant impairment loss, including but not limited to (i) carrying out due diligence for new customers; (ii) setting strict credit line limits based on the customer's credit history; (iii) carrying out regular aging analysis so as to realise abnormal overdue payments as early as possible; and (iv) taking decisive debt collection measures such as that if payment is not received by the due date, a letter of demand will be sent immediately and deliver of goods will be suspended until the settlement. As such, the management of the Group considered that such significant impairment loss is not expected to be recurring in future. As at 30 June 2024, 2025 and 2026, the Target Company has net assets of approximately HK$37.5 million, HK$37.7 million and HK$33.6 million, respectively.

Although the Target Company's financial performance was deteriorating in the past three years, including a decline in revenue and profit and the loss-making position in FY2026, taking into account that:

(i) the Target Company is a principal subsidiary of the Group and accounted for a substantial portion of the Group's total revenue for FY2025 and FY2026. The Acquisitions aim to increase the Group's shareholding on an existing principal subsidiary rather than a pure acquisition of a new profitable business which may expose the Group to the risk of operating a new business. The Acquisitions will (a) simplify the shareholding structure of the Target Company and reduce the administrative and operational constraints with the existing minority shareholdings; (b) enhance the Group's control over, and flexibility in the management and funding of, the Target Company; and (c) enable the Group to retain a greater share of the Target Company's revenue and net assets, being the principal revenue-contributing member of the Group;

(ii) as advised by the management of the Group, the loss-making position of the Target Company is only temporary due to the recognition of an impairment loss and does not reflect a permanent adverse change in the business of the Target Company, the Company expects that the Target Company will generate earnings and cash flows for the Group going forward;

(iii) we have performed independent research on the overview of Hong Kong economy and the industry outlook of vegetables and fruits markets in Hong Kong. Based on our independent research, we noted that the Hong Kong economy continued to expand robustly in the second quarter of 2026, underpinned by buoyant external trade and resilient domestic demand and its real gross domestic product growth for 2026 was forecasted to be 4.5% by the Hong Kong government. Domestic demand is expected to stay firm, supported by stable labour market conditions, and solid business and consumer sentiment (source: https://www.hkeconomy.gov.hk/en/situation/development/index.htm). In addition, according to the Agriculture and Agri-Food Department of Canada (source: https://agriculture.canada.ca/en/international-trade/reports-and-guides/sector-trend-analysis-fruit-and-greenhouse-vegetable-trends-hong-kong), Hong Kong's fruit and vegetable market is driven by the increasing disposable income and a growing preference for high-quality fresh produce. Consumer spending on fresh produce is rising, with per capita fruit expenditure projected to grow at a compound annual growth rate ("**CAGR**") of approximately 5.2% from 2024 to 2029. By 2029, the vegetables and fruits markets in Hong Kong are projected to reach approximately US$461.4 million and US$695.6 million, respectively, growing at a CAGR of approximately 2.4% and 3.6% between 2024 and 2029, respectively. In light of the growing local economy and positive market outlook of vegetables and fruits markets in Hong Kong, we consider that the loss-making position in the Target Company may be short-run and its financial performance is expected to improve in the following years;

(iv) the aggregate Consideration of HK$5,190,000 (equivalent to approximately RMB4.4 million by using an exchange rate of HK$1=RMB0.85 for illustrative purpose) only represents approximately 5.3% of the Group's cash balance as at 30

June 2026, so that the Acquisitions will not have any material adverse effect on the working capital and liquidity of the Group;

(v) as advised by the management of the Group, the Acquisitions are consistent with the Group business strategy to concentrate on the Company's core competencies and enhance operational efficiency; and

(vi) as discussed in the section headed "5. Assessment of the Consideration" below, each consideration under the Sale and Purchase Agreements is fair and reasonable based on our comparable analysis,

we concur with the Directors that although the Acquisition are not conducted in the ordinary and usual course of the business of the Group, they are in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Sale and Purchase Agreements

Set out below is a summary of the principal terms of the Sale and Purchase Agreements. The Independent Shareholders are advised to read further details of the Sale and Purchase Agreements as disclosed in the Letter from the Board.

Date : 14 September 2026 (after trading hours)

Parties : **Sale and Purchase Agreement I**

(i) the Purchaser, a wholly-owned subsidiary of the Company; and

(ii) Vendor I, Mr. Ng Fai Hung, a substantial shareholder and a director of the Target Company and thus a connected person of the Company at the subsidiary level

Sale and Purchase Agreement II

(i) the Purchaser, a wholly-owned subsidiary of the Company; and

(ii) Vendor II, Mr. Huang Shao Chuang, a director of the Target Company and thus a connected person of the Company at the subsidiary level

Sale and Purchase Agreement III

(i) the Purchaser, a wholly-owned subsidiary of the Company; and

(ii) Vendor III, Mr. Lo Poon Lap, a substantial shareholder and a director of the Target Company and thus a connected person of the Company at the subsidiary level

Assets to be acquired : Pursuant to the Sale and Purchase Agreements, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, an aggregate of 850,000 Sale Shares, representing 34% of the issued shares of the Target Company, as follows:

Vendor	Number of issued shares of the Target Company held as at the date of the Sale and Purchase Agreements	Sale Shares	Number of issued shares of the Target Company held after Completion
Vendor I	475,000 (19%)	475,000 (19%)	–
Vendor II	200,000 (8%)	200,000 (8%)	–
Vendor III	325,000 (13%)	175,000 (7%)	150,000 (6%)

The Sale and Purchase Agreements do not provide for (i) any guarantee of the profits or net tangible assets or other matters regarding the financial performance of the Target Company by any of the Vendors; or (ii) any option granted to the Group to sell the Target Company or any of the Sale Shares back to any of the Vendors, or any other rights given to the Group to require any Vendor to repurchase any interest in the Target Company.

Consideration : The aggregate Consideration payable by the Purchaser for the Acquisitions is HK$5,190,000, and shall be settled in cash within 30 days upon Completion out of the internal resources of the Group.

The consideration payable under each of the Sale and Purchase Agreements is as follows: (i) under the Sale and Purchase Agreement I, the consideration payable to Vendor I for the 475,000 Sale Shares, representing 19% of the total issued shares of the Target Company, is HK$2,280,000, being HK$4.80 per Sale Share; (ii) under the Sale and Purchase Agreement II, the consideration payable to Vendor II for the 200,000 Sale Shares, representing 8% of the total issued shares of the Target Company, is HK$960,000, being HK$4.80 per Sale Share; and (iii) under the Sale and Purchase Agreement III, the consideration payable to Vendor III for the 175,000 Sale Shares, representing 7% of the total issued shares of the Target Company, is HK$1,950,000, being approximately HK$11.1 per Sale Share.

As confirmed by the Vendors, (a) the original acquisition cost of the 475,000 shares of the Target Company held by Vendor I was HK$475,000, all of which are Sale Shares under Sale and Purchase Agreement I; (b) the original acquisition cost of the 200,000 shares of the Target Company held by Vendor II was HK$200,000, all of which are Sale Shares under Sale and Purchase Agreement II; and (c) the original acquisition cost of the 325,000 shares of the Target Company held by Vendor III was HK$325,000, of which HK$175,000 is attributable to the 175,000 Sale Shares under Sale and Purchase Agreement III.

The Consideration under each of the Sale and Purchase Agreements was determined after arm's length negotiations between the Purchaser and the relevant Vendor with reference to (i) the unaudited net asset value of the Target Company as at 30 June 2026 of approximately HK$37,120,000; (ii) the historical financial performance of the Target Company; and (iii) the reasons for and benefits of the Acquisitions.

Conditions precedent : Completion under each of the Sale and Purchase Agreement is conditional upon the fulfilment or waiver (as the case may be) of the following conditions, among others, the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the relevant Sale and Purchase Agreement and the transactions contemplated thereunder.

If the Conditions Precedent in respect of any Sale and Purchase Agreement have not been satisfied (or as the case may be, waived) at or before 12:00 noon on 31 December 2026, or such later date and time as the parties thereto may agree in writing, that Sale and Purchase Agreement shall cease and determine, and thereafter none of the parties thereto shall have any obligations or liabilities thereunder save for any antecedent breaches of the terms thereof.

For the avoidance of doubt, completion of each Sale and Purchase Agreement is not inter-conditional upon each other. The termination of, or failure to complete, any one Sale and Purchase Agreement will not affect the validity, enforceability or completion of the others.

Completion : Completion under each of the Sale and Purchase Agreements shall take place on the third Business Day after all the Conditions Precedent thereunder have been satisfied (or waived), or such other date as the parties thereto may agree in writing. It is currently expected that Completion under all three Sale and Purchase Agreements will take place simultaneously.

Immediately upon Completion of all the Sale and Purchase Agreements, the Company's indirect interest in the Target Company will increase from 60% to 94%, and Vendor III will be the sole minority shareholder of the Target Company holding 6% of its issued shares.

The shareholding structure of the Target Company immediately before and immediately after Completion of all the Sale and Purchase Agreements is set out below:

Shareholder	Immediately before Completion	Immediately after Completion
The Purchaser	60%	94%
Vendor I	19%	–
Vendor II	8%	–
Vendor III	13%	6%

As the Target Company is currently a subsidiary of the Company and its financial results are consolidated into the accounts of the Group, the Acquisitions will not result in any change in the basis of consolidation of the Target Company. The Acquisitions are expected to result principally in a reduction in the non-controlling interests of the Group and a corresponding adjustment to the equity attributable to owners of the Company.

5. Assessment of the Consideration

As stated in the Letter from the Board, the aggregate Consideration for the Acquisitions is HK$5,190,000, including (i) HK$2,280,000 for acquiring 475,000 Sale Shares from Vendor I, being HK$4.80 per Sale Share; (ii) HK$960,000 for acquiring 200,000 Sale Shares from Vendor II, being HK$4.80 per Sale Share; and (iii) HK$1,950,000 for acquiring 175,000 Sale Shares from Vendor III, being approximately HK$11.1 per Sale Share.

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in wholesale and logistics of vegetables and fruits in Hong Kong. In assessing the fairness and reasonableness of the Consideration, we have, based on our independent search on Bloomberg, identified an exhaustive list of companies (the "**Comparable Companies**") which are (i) principally engaged in the sale of vegetables and fruits in the PRC and/or Hong Kong, accounting for more than 50% of its total revenue in the latest financial year; and (ii) publicly listed in the PRC or Hong Kong. Based on the aforesaid criteria, we have identified four Comparable Companies. The basis for adopting 50% of revenue as a threshold for identifying the Comparable Companies is because such revenue proportion generally indicates the Comparable Companies' principal business, and is generally considered as an objective benchmark widely adopted in identifying Comparable Companies.

Price-to-earnings ("**P/E(s)**"), price-to-book ("**P/B(s)**") and price-to-sale ("**P/S(s)**") multiples are the three most commonly used benchmarks in valuing a company. Based on (i) the consideration of HK$4.80 per Sale Share under the Sale and Purchase Agreement I and the Sale and Purchase Agreement II and the consideration of approximately HK$11.1 per Sale Share under the Sale and Purchase Agreement III; (ii) a total of 2,500,000 shares in issue of the Target Company; (iii) the Target Company's revenue and loss after taxation of approximately HK$54.8 million and HK$4.1 million for FY2026, respectively; and (iv) the audited net asset value of the Target Company of approximately HK$33.6 million as at 30 June 2026, the P/E multiple is not applicable while the P/B and P/S multiples implied by the consideration under the Sale and Purchase Agreement I and the Sale and Purchase Agreement II is approximately 0.36 time and 0.22 time (the "**Implied P/B I&II**" and "**Implied P/S I&II**", respectively) and the P/B and P/S multiples implied by the consideration under the Sale and Purchase Agreement III is approximately 0.83 time and 0.51 time (the "**Implied P/B III**" and "**Implied P/S III**", respectively).

The following table sets out the details of the Comparable Companies:

Company name (stock code)	**Principal activities**	**Market capitalisation as at 14 September 2026 (being the date of the Sale and Purchase Agreements)** *(HK$' million)*	**P/B as at 14 September 2026** *(times)*	**P/S as at 14 September 2026** *(times)*
China Wantian Holdings Limited (1854.HK) ("**China Wantian**")	Principally engaged in the sourcing, processing and supplying of consumable fresh food ingredients in Hong Kong and the PRC	2,058.7	50.86 (based on equity attributable to its shareholders as at 30 June 2026) *(Note)*	1.77 (based on revenue for the year ended 31 December 2025)
Fujing Holdings Co., Limited (2497.HK)	Principally engaged in the plantation and sales of potted vegetables in the PRC	260.0	0.39 (based on equity attributable to its shareholders as at 30 June 2026)	1.16 (based on revenue for the year ended 31 December 2025)
Congyu Intelligent Agricultural Holdings Limited (875.HK)	Principally engaged in the sales of agricultural and bulk commodities in the PRC	209.7	2.13 (based on equity attributable to its shareholders as at 30 June 2026)	0.06 (based on revenue for the year ended 31 December 2025)

Company name (stock code)	Principal activities	Market capitalisation as at 14 September 2026 (being the date of the Sale and Purchase Agreements) *(HK$' million)*	P/B as at 14 September 2026 *(times)*	P/S as at 14 September 2026 *(times)*
Du Du Holdings Limited (8250.HK)	Principally engaged in the trading of fresh produce and agricultural products in the PRC	28.6	0.10 (based on equity attributable to its shareholders as at 30 June 2026)	0.01 (based on revenue for the year ended 30 June 2026)
		Maximum	2.13	1.77
		Minimum	0.10	0.01
		Median	0.39	0.61
		Mean	0.87	0.75

Source: Bloomberg and the financial reports of the Comparable Companies

Note: The P/B of China Wantian was excluded in this comparable analysis as an outlier. For illustrative purpose, an outlier is a datapoint which is more than 1.5 standard deviations away from the overall average. The standard deviation of the P/Bs of the Comparable Companies has been calculated to be approximately 21.66 times. As a result, the upper boundary for identifying outliers is set at 45.89 (i.e. 13.4 + 21.66*1.5) times, while the lower boundary is set at -19.09 (i.e. 13.4 – 21.66*1.5) times. Therefore, the P/B of China Wantian of approximately 50.86 times is regarded as an outlier.

The revenue for the latest full financial year and equity attributable to its shareholders as at the latest financial ending date of the Comparable Companies are adopted in the comparable analysis, which are consistent with the period/ending-date selected for the Target Company.

As shown in the table above, the P/Bs of the Comparable Companies (excluding the outlier) as at 14 September 2026 (being the date of the Sale and Purchase Agreements) range from approximately 0.10 time to 2.13 times with a median and mean of approximately 0.39 time and 0.87 time, respectively. Both of the Implied P/B I&II of approximately 0.36 time and the Implied P/B III of approximately 0.83 time are within the range of the P/Bs of the Comparable Companies and lower than the mean P/B of the Comparable Companies, implying that the market capitalisation of the Target Company as implied by each consideration under the Sale and Purchase Agreements in terms of P/B is in line with the market valuation and not overvalued.

In addition, the P/Ss of the Comparable Companies as at 14 September 2026 (being the date of the Sale and Purchase Agreements) range from approximately 0.01 time to 1.77 times with a median and mean of approximately 0.61 time and 0.75 time, respectively. Both of the Implied P/S I&II of approximately 0.22 time and the Implied P/S III of approximately 0.51 time are within the range of the P/Ss of the Comparable Companies and lower than the median and mean P/Ss of the Comparable Companies, implying that the market capitalisation of the Target Company as implied by each consideration under the Sale and Purchase Agreements in terms of P/S is in line with the market valuation and not overvalued.

Based on the above, as the market capitalization of the Target Company as implied by each consideration under the Sale and Purchase Agreements in terms of P/B and P/S is in line with the market valuation of the Comparable Companies and not overvalued, we consider each consideration under the Sale and Purchase Agreements to be fair and reasonable.

It is also noted that the consideration per Sale Share (i.e. approximately HK$11.1) under the Sale and Purchase Agreement III is larger than the consideration per Sale Share (i.e. approximately HK$4.80) under the Sale and Purchase Agreement I and the Sale and Purchase Agreement II. As advised by the management of the Group, such difference in consideration arose from the separate arm's length negotiations conducted with each of the Vendors, having regard to their respective positions in the Target Company and the fact that, upon Completion, Vendor III will retain a minority shareholding while Vendor I and Vendor II will dispose of their entire interests. Since the retention of Vendor III as the managing director of the Target Company, who is responsible for overseeing the daily operations and strategy execution of the Target Company, will minimise disruption to the day-to-day operation, facilitate the continuing business of the Target Company and ensure a smooth operational transition, the Board considers that a higher consideration per Sale Share payable under the Sale and Purchase Agreement III is justifiable to reflect such additional strategic value attributable to the continued involvement and alignment of interests of Vendor III following Completion.

Having considered that (i) based on our review on the remunerations and benefits paid to Vendor III for the three years ended 30 June 2026 and the emoluments paid to the Group's five highest paid employees for the three years ended 30 June 2026, we noted that Vendor III was one of the five highest paid employees for each of FY2024, FY2025 and FY2026. Such historical level of remunerations and benefits paid to Vendor III indicates his distinct operational involvement and critical role in maintaining the business of the Target Company, which Vendor I and Vendor II do not contribute. While Vendor III's distinct involvement and critical role in the Target Company has already been recognised in the remunerations and benefits paid to him, the premium is to secure his continued commitment and align his remaining 6% equity interest with the Target Company, which is distinct from a separate salary payment or remuneration. As such, it is reasonable for the Company and Vendor III to mutually agree on a premium after an arm's length negotiation in the Acquisitions given the Company's reliance on him to operate the Target Company and it may be more costly for the Company to employ a new manager; (ii) based on our review on the emoluments paid to the five highest paid employees of the Comparable Companies disclosed in their latest annual reports, we noted that the historical remunerations and benefits paid to Vendor III were within the highest emoluments range of the Comparable Companies in their respective latest financial year, indicating that Vendor III's operational contributions were not over-compensated; (iii) Vendor III's roles and responsibilities and level of involvement in the Target Company will remain the same upon completion of the Acquisition and he will remain as the sole minority shareholder holding 6% equity interests in the Target Company. It is commercially reasonable to pay a premium to key operating managers to secure business continuity and ensure a smooth operational transition. Unlike passive financial investors, Vendor III holds critical tacit knowledge, proprietary operational expertise, and key customer and supplier relationships that dictate the Target Company's ongoing business value. Paying a premium could incentivize Vendor III to work towards the continued success of the Target Company and commit to ongoing service arrangements, thereby mitigating key-person disruption risk for the benefit of the Company and the Shareholders; and (iv) the Implied P/B III and Implied P/S III are within the range and below the means of the Comparable Companies even with the premium, we are of the view that it is on

normal commercial terms and fair and reasonable to recognise the contribution of Vendor III to the Target Company's business with a higher consideration per Sale Share after arm's length negotiation.

Taking into account that (i) under the employment contract entered into between Vendor III and the Target Company, the terms of service is renewed automatically upon expiry; and (ii) Vendor III has undertaken that he shall not terminate his employment with the Target Company from the date of the Sale and Purchase Agreement III and for a period of two years commencing from the Completion Date, we consider that the risk of Vendor III immediately leaving the Target Company upon Completion is low and the aforementioned measures could effectively ensure a smooth operation transition.

Taking into account that (i) the Consideration under each of the Sale and Purchase Agreements was determined after arm's length negotiations between the Purchaser and the relevant Vendor; (ii) each consideration under the Sale and Purchase Agreements is fair and reasonable based on our aforementioned comparable analysis; and (iii) the reasons for and benefits of the Acquisitions, we consider the aggregate Consideration for the Acquisitions to be fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

6. Financial effects of the Acquisitions

Upon Completion of all the Acquisitions, the Company will be indirectly interested in 94% of the total issued shares of the Target Company. The Target Company will continue to be a non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated into the accounts of the Group. The unaudited pro forma financial information of the enlarged Group upon Completion is set out in Appendix III to the Circular.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Acquisitions are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the entering into of the Acquisitions, while not in the ordinary and usual course of business of the Group, is nevertheless in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisitions.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The Group's financial information for the three years ended 30 June 2024, 2025 and 2026 is disclosed in the Company's annual reports for the years ended 30 June 2024, 2025 and 2026. These reports are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (http://www.chaoda.hk.cn). Quick links to the annual reports are provided below:

(i) Annual report of the Group for the year ended 30 June 2024, published on 24 October 2024 (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1024/2024102400336.pdf);

(ii) Annual report of the Group for the year ended 30 June 2025, published on 16 October 2025 (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1016/2025101600442.pdf); and

(iii) Annual report of the Group for the year ended 30 June 2026, published on 15 October 2026 (https://www1.hkexnews.hk/listedco/listconews/sehk/2026/1015/2026101500439.pdf).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2026, being the latest practicable date for ascertaining certain information related to this indebtedness statement, the Group had lease liability amounting to approximately RMB153,000, which is repayable within one year.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 30 September 2026, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other loans or indebtedness in the nature of loans including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the effect of the Acquisitions and the financial resources available to the Group, including the internally generated funds, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2026, the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's existing business is primarily wholesale and distribution of fruits and vegetables to the local food and beverage industries. In recent years, it has faced a challenging operating environment, including weakened consumer sentiment, reduced customer traffic, changes in dining habits, intense market competition and continued pressure on operating costs. With escalating geopolitical conflicts and tensions and challenges associated with economic restructuring in Hong Kong, the business environment in the last financial year continued to be challenging. The continuous evolution of traditional retail and consumer spending patterns has brought short-term fluctuations and pressure to the Group's revenue.

During the year ended 30 June 2026, the Group recorded revenue of RMB57 million (a decrease of approximately 9% from the previous year), mainly due to subdued economic recovery in Hong Kong, weak consumer sentiment and the diversion of customers by northbound consumption.

The Group remains cautiously optimistic about its prospects. The central government's 2026 rural revitalisation policy is consistent with the Group's new business model, which seeks to better connect agricultural production with demand through digitalisation. Looking ahead, the Group will maintain the stability of its existing business while optimising resource allocation, controlling costs and exploring new opportunities. It will focus on the digitalisation of agricultural production, the promotion of its smart farm management system, participation in agricultural big data platforms and research into artificial intelligence applications in farmland management, with a view to capturing growth opportunities when sentiment improves and creating sustainable value for shareholders.

The following is the text of a report set out on pages 34 to 69, received from the Company's reporting accountants, CCTH CPA LIMITED, Hong Kong, for the purpose of incorporation in this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHAODA VEGETABLE & FRUITS (WHOLESALE & LOGISTICS) LIMITED TO THE DIRECTORS OF CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

Introduction

We report on the historical financial information of Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited (the "**Target Company**") set out on pages 37 to 69, which comprises the statements of financial position of the Target Company as at 30 June 2024, 2025 and 2026, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the years ended 30 June 2024, 2025 and 2026 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 37 to 69 forms an integral part of this report, which has been prepared for inclusion in the circular of Chaoda Modern Agriculture (Holdings) Limited (the "**Company**") dated 19 November 2026 (the "**Circular**") in connection with the proposed acquisition by an indirect wholly-owned subsidiary of the Company for an additional 34% equity interest in the Target Company not held by the Group, comprising of the Company and its subsidiaries.

Directors' responsibility for Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materially consistent with those adopted by the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion solely to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 30 June 2024, 2025 and 2026, and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 36 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends were declared or paid by the Target Company in respect of the Relevant Periods.

CCTH CPA LIMITED
Certified Public Accountants

Hong Kong, 19 November 2026

Wong Tak Man
Practising Certificate Number: P08044

Unit 1510-1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51, Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on financial statements of the Target Company for the Relevant Periods. The financial statements have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards as issued by the HKICPA and were audited by the following firms of certified public accountants in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA ("**Underlying Financial Statements**").

	Name of firms of certified public accountants
Financial statements	
– for the year ended 30 June 2024	Elite Partners CPA Limited
– for each of the years ended 30 June 2025 and 30 June 2026	CCTH CPA LIMITED

The Historical Financial Information is presented in Hong Kong Dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars)

		Year ended 30 June		
		2024	**2025**	**2026**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*5*	68,885	59,190	54,849
Cost of sales		(46,327)	(41,254)	(39,065)
Gross profit		22,558	17,936	15,784
Other income	*6*	606	474	285
Other losses	*7*	(5)	–	(5)
Impairment loss under expected credit loss model		–	–	(3,541)
Selling and distribution expenses		(7,064)	(6,820)	(6,387)
General and administrative expenses		(12,572)	(11,234)	(10,133)
Profit/(loss) from operations		3,523	356	(3,997)
Finance costs		(36)	(148)	(56)
Profit/(loss) before income tax	*8*	3,487	208	(4,053)
Income tax expense	*9*	(349)	–	–
Profit/(loss) and total comprehensive income/(expense) for the year		3,138	208	(4,053)

The accompanying notes form an integral part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2024 HK$'000	2025 HK$'000	2026 HK$'000
Non-current assets				
Property, plant and equipment	*12*	754	445	271
Right-of-use assets	*13*	4,548	2,346	136
		5,302	2,791	407
Current assets				
Trade receivables	*14*	14,467	9,959	5,150
Other receivables, deposits and prepayments	*15*	1,324	1,362	1,610
Income tax recoverable		–	443	287
Bank balances and cash	*16*	24,370	27,919	28,351
		40,161	39,683	35,398
Current liabilities				
Trade payables	*17*	1,249	1,118	845
Lease liabilities	*18*	2,107	2,155	139
Accruals	*19*	1,413	1,353	1,210
Income tax payable		899	–	–
		5,668	4,626	2,194
Net current assets		34,493	35,057	33,204
Total assets less current liabilities		39,795	37,848	33,611
Non-current liabilities				
Lease liabilities	*18*	2,339	184	–
Net assets		37,456	37,664	33,611
Capital and reserves				
Share capital	*20*	2,500	2,500	2,500
Reserves		34,956	35,164	31,111
Total equity		37,456	37,664	33,611

The accompanying notes form an integral part of the Historical Financial Information.

STATEMENTS OF CHANGES IN EQUITY

(Expressed in Hong Kong dollars)

	Share capital *HK$'000*	Capital reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 July 2023	2,500	110	31,708	34,318
Profit and total comprehensive income for the year	–	–	3,138	3,138
At 30 June 2024 and 1 July 2024	2,500	110	34,846	37,456
Profit and total comprehensive income for the year	–	–	208	208
At 30 June 2025 and 1 July 2025	2,500	110	35,054	37,664
Loss and total comprehensive expense for the year	–	–	(4,053)	(4,053)
At 30 June 2026	2,500	110	31,001	33,611

STATEMENTS OF CASH FLOWS

(Expressed in Hong Kong dollars)

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Profit/(loss) before income tax	3,487	208	(4,053)
Adjustments for:			
Depreciation of property, plant and equipment	342	337	221
Depreciation of right-of-use assets	2,605	2,202	1,679
Loss on disposal of property, plant and equipment	5	–	5
Impairment loss under expected credit loss model	–	–	3,541
Finance costs	36	148	56
Interest income	(581)	(426)	(231)
Operating cash flows before movements in working capital	5,894	2,469	1,218
(Increase)/decrease in trade receivables	(2,139)	4,508	1,268
Increase in other receivables, deposits and prepayments	(101)	(38)	(248)
Decrease in trade payables	(178)	(131)	(272)
Decrease in accruals	(90)	(60)	(143)
Cash generated from operations	3,386	6,748	1,823
Income tax (paid)/refunded	(241)	(1,342)	156
Interest paid	(36)	(148)	(56)
Interest received	581	426	231
Net cash from operating activities	3,690	5,684	2,154
Investing activity			
Purchase of property, plant and equipment	(84)	(28)	(52)
Net cash used in investing activity	(84)	(28)	(52)
Financing activity			
Repayment of lease liabilities *(Note 26)*	(2,604)	(2,107)	(1,670)
Net cash used in financing activity	(2,604)	(2,107)	(1,670)

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Net increase in cash and cash equivalents	1,002	3,549	432
Cash and cash equivalents at beginning of the year	23,368	24,370	27,919
Cash and cash equivalents at end of the year	24,370	27,919	28,351
Analysis of cash and cash equivalents			
Bank balances and cash	24,370	27,919	28,351

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited (the "**Target Company**") was incorporated in Hong Kong on 19 February 2010 with limited liability under the Hong Kong Companies Ordinance. During the Relevant Periods, the immediate holding company of the Target Company is Chaoda Vegetable & Fruits Limited, which is incorporated in Hong Kong, and the ultimate holding company of the Target Company is Chaoda Modern Agriculture (Holdings) Limited, which is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The registered office of the Target Company is located at Room B, 21st Floor, Times Media Centre, 133 Wan Chai Road, Wanchai, Hong Kong, and the principal place of business of the Target Company is located at A2-A4, G/F, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The principal activities of the Target Company are wholesale and logistics of vegetables and fruits in Hong Kong.

The Historical Financial Information is presented in Hong Kong Dollar ("**HK$**"), which is also the functional currency of the Target Company.

2. BASIS OF PREPARATION AND PRESENTATION FOR THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of the Target Company has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the material accounting policy information adopted are set out in note 3 to the Historical Financial Information.

For the purpose of preparing this Historical Financial Information, the Target Company has consistently applied the accounting policies which conform with HKFRS Accounting Standards effective for the accounting period throughout the Relevant Periods.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 Historical Financial Information has been prepared on going concern basis.

The Historical Financial Information contained in the Circular does not constitute the Target Company's statutory financial statements for either of the years ended 30 June 2024, 2025 and 2026 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

As the Target Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The financial statements of the Target Company for the year ended 30 June 2024 were audited by Elite Partners CPA Limited. The financial statements of the Target Company for the years ended 30 June 2025 and 2026 were audited by CCTH CPA LIMITED.

The auditors of the Target Company have reported on these financial statements for these three years. The auditor's reports were unqualified; did not include a reference to which the auditors draw attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated using straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Leasehold improvements	5 years or over the lease term whichever is the shorter
Furniture, fixtures and equipment	5 years
Office and production equipment	5 years
Motor vehicles	5 years

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 asset and is recognised in profit or loss.

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 of HKFRS 16 or arising from businesses combination, the Target Company 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 Target Company as 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 Target Company 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.

Short-term leases

The Target Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

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

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 Target Company; and
- an estimate of costs to be incurred by the Target Company 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.

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 Target Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is 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 Target Company presents right-of-use assets as a separate line item on the statement of financial position.

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Target Company 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 Target Company 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.

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

The Target Company remeasure 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, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- A lease contract is modified and the lease modification is not accounted for as a separate lease.

The Target Company presents lease liabilities as a separate line item on the statement of financial position.

The Target Company 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 Target Company remeasures the lease liability, less any lease incentives receivable, 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 Target Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

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

At the end of each reporting period, the Target Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash-generating unit (the "**CGU**") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) 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 the CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Target Company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the financial statements.

The Target Company assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Provision

Provisions are recognised when the Target Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Company 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).

Revenue from contract with customers

The Target Company 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 sale of goods that is distinct, sale of a series of distinct goods or provision of 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 Target Company's performance as the Target Company performs;

- the Target Company's performance creates and enhances an asset that the customer controls as the Target Company performs; or

- the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company 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 goods or services.

Foreign currencies

In preparing the financial statements of Target Company, 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.

Employee benefits

Retirement benefit costs

The Target Company contributes to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service 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.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, and time deposits with original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised when Target Company 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 basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market price.

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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 periods. 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.

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.

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.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Target Company recognises a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and deposits and bank balances). 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 Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Target Company 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 Target Company 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.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company 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 Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

The Target Company 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.

(ii) Definition of default

For internal credit risk management, the Target Company 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 Target Company, in full (without taking into account any collaterals held by the Target Company).

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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; or

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

(iv) Write-off policy

The Target Company 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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Target Company'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.

(v) 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. The Target Company uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

The Target Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Target Company 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.

Derecognition of financial assets

The Target Company 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.

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.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities, including trade payables and accruals, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company'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.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "(loss)/profit before income tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets 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 all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset be realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Related parties

A person or an entity is considered to be related to the Target Company as follows:

(a) A person or a close member of that person's family is related to the Target Company if that person:

  (i) has control or joint control over the Target Company;

  (ii) has significant influence over the Target Company; or

  (iii) is a member of the key management personnel of the Target Company or of the Target Company's parent.

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

(i) the entity and the Target Company 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 Target Company of 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 the employees of either the Target Company or an entity related to the Target Company;

(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 Target Company or to the Target Company's parent.

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

A related party transaction is a transfer of resources, services or obligation between the Target Company and a related party, regardless of whether a price is charged.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, the directors of the Target Company are required to make judgements, 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Provision of ECL for trade receivables, other receivables and deposits

The Target Company uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on past due ageing as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Target Company's historical default rates taking into consideration forward looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balance, other receivables and deposits are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

For the years ended 30 June 2024, 2025 and 2026, ECL in respect of trade receivables amounted to nil, nil and HK$3,541,000 respectively was recognised in profit or loss.

5. REVENUE

The principal activities of the Target Company are wholesale and logistics of vegetables and fruits in Hong Kong.

Revenue represents the sales of goods to customers. The amount of each significant category of revenue recognised during the Relevant Periods is as follows:

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from contracts with customers:			
Sales of vegetables and fruits	68,885	59,190	54,849

Revenue from sale of vegetables and fruits is recognised at a point in time when the control of goods has transferred to the customer, net of discounts. Trading terms with customers are either on cash basis or on credit. For those customers who trade on credit, a credit period of one month to six months is allowed according to relevant business practice.

6. OTHER INCOME

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Bank interest income	581	426	231
Interest income on rental deposits	25	48	54
	606	474	285

7. OTHER LOSSES

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Loss on disposal of property, plant and equipment	5	–	5

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging the following items:

(a) Finance costs

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Interest expenses on lease liabilities	36	148	56

(b) Staff costs (including directors' remuneration)

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, wages and benefits in kind	5,609	5,276	4,857
Discretionary bonuses	693	–	–
Retirement benefit scheme contributions	216	88	174
	6,518	5,364	5,031

(c) Other items

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Auditors' remuneration *(note)*	–	–	–
Cost of inventories sold (included in cost of sales)	41,881	37,589	35,471
Depreciation of property, plant and equipment	342	337	221
Depreciation of right-of-use assets	2,605	2,202	1,679
Expenses relating to short-term leases	–	–	100

Note: Auditors' remuneration of the Target Company for the Relevant Periods are borne by the Target Company's ultimate holding company.

9. INCOME TAX EXPENSE

The amount of income tax expense charged to the statement of profit and other comprehensive income represents:

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong Profits Tax *(note)*			
Provision for the year	349	–	–

Note:

Regarding the year ended 30 June 2024, under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying group entity was taxed at 8.25%, and profits above HK$2 million was taxed at 16.5% and the profits of corporations not qualifying for the two-tiered profits tax rates regime continued to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying Target Company for the year ended 30 June 2024 was calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the assessable profits above HK$2 million. No provision for Hong Kong Profits Tax for the years ended 30 June 2025 and 2026 has been made in the financial statements as the Target Company incurred tax losses for those years.

The income tax expense for the year can be reconciled to the profit/(loss) before income tax per statement of profit and other comprehensive income as follows:

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before income tax	3,487	208	(4,053)
Tax at statutory tax rate	575	34	(669)
Tax effect of expenses not deductible for tax purpose	58	56	37
Tax effect of income not taxable for tax purpose	(119)	(124)	(84)
Tax effect of unrecognised tax losses	–	34	716
Tax effect on two-tiered profits tax rate regime	(165)	–	–
Income tax expense	349	–	–

10. DIVIDEND

No dividend has been declared or paid by the Target Company during the Relevant Periods.

11. DIRECTORS' REMUNERATION

Directors' remuneration for the Relevant Periods, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Remuneration paid and payable to the Target Company's Directors for the year ended 30 June 2024 were as follows:

Name of Directors	**Fees**	**Salaries, wages and benefits in kind**	**Discretionary bonuses**	**Retirement benefit scheme contributions**	**Total emoluments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lo Poon Lap	–	1,089	692	18	1,799
Mr. Kwok Ho	–	–	–	–	–
Mr. Ip Chi Ming	–	–	–	–	–
Mr. Huang Shao Chuang	–	–	–	–	–
Mr. Ng Fai Hung	–	–	–	–	–
	–	1,089	692	18	1,799

Remuneration paid and payable to the Target Company's Directors for the year ended 30 June 2025 were as follows:

Name of Directors	Fees	Salaries, wages and benefits in kind	Discretionary bonuses	Retirement benefit scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lo Poon Lap	–	1,080	–	–	1,080
Mr. Kwok Ho	–	–	–	–	–
Mr. Ip Chi Ming	–	–	–	–	–
Mr. Huang Shao Chuang	–	–	–	–	–
Mr. Ng Fai Hung	–	–	–	–	–
	–	1,080	–	–	1,080

Remuneration paid and payable to the Target Company's Directors for the year ended 30 June 2026 were as follows:

Name of Directors	Fees	Salaries, wages and benefits in kind	Discretionary bonuses	Retirement benefit scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lo Poon Lap	–	1,085	–	–	1,085
Mr. Kwok Ho	–	–	–	–	–
Mr. Ip Chi Ming	–	–	–	–	–
Mr. Huang Shao Chuang	–	–	–	–	–
Mr. Ng Fai Hung	–	–	–	–	–
	–	1,085	–	–	1,085

Notes:

(i) During the Relevant Periods, the Target Company has only one director who got director's remuneration and was obligated to make Mandatory Provident Fund ("**MPF**") contribution. The MPF charged for the director for the year ended 30 June 2024 amounted to approximately HK$18,000. Since the director is over 65 years old, no MPF contribution was made during the years ended 30 June 2025 and 2026.

(ii) There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Office and production equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
As at 1 July 2023	5,071	432	1,130	1,809	8,442
Additions	–	20	64	–	84
Disposals/written off	–	–	(10)	–	(10)
As at 30 June 2024 and 1 July 2024	5,071	452	1,184	1,809	8,516
Additions	–	5	23	–	28
As at 30 June 2025 and 1 July 2025	5,071	457	1,207	1,809	8,544
Additions	–	30	22	–	52
Disposals/written off	–	(9)	–	–	(9)
As at 30 June 2026	5,071	478	1,229	1,809	8,587
Accumulated depreciation					
As at 1 July 2023	5,071	324	994	1,036	7,425
Charge for the year	–	47	59	236	342
Disposals/written off	–	–	(5)	–	(5)
As at 30 June 2024 and 1 July 2024	5,071	371	1,048	1,272	7,762
Charge for the year	–	31	70	236	337
As at 30 June 2025 and 1 July 2025	5,071	402	1,118	1,508	8,099
Charge for the year	–	37	50	134	221
Disposals/written off	–	(4)	–	–	(4)
As at 30 June 2026	5,071	435	1,168	1,642	8,316
Carrying amounts					
As at 30 June 2024	–	81	136	537	754
As at 30 June 2025	–	55	89	301	445
As at 30 June 2026	–	43	61	167	271

13. RIGHT-OF-USE ASSETS

	Office premises *HK$'000*
Cost	
As at 1 July 2023	5,211
Additions	4,330
As at 30 June 2024, 1 July 2024, 30 June 2025 and 1 July 2025	9,541
Lease modification	(2,696)
As at 30 June 2026	6,845
Accumulated depreciation	
As at 1 July 2023	2,388
Charge for the year	2,605
As at 30 June 2024 and 1 July 2024	4,993
Charge for the year	2,202
As at 30 June 2025 and 1 July 2025	7,195
Charge for the year	1,679
Lease modification	(2,165)
As at 30 June 2026	6,709
Carrying amount	
As at 30 June 2024	4,548
As at 30 June 2025	2,346
As at 30 June 2026	136

	Year ended 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Expenses relating to short-term leases	–	–	100
Total cash outflow for leases	2,640	2,255	1,826

For the Relevant Periods, the Target Company leases various offices for its operations. Lease contracts are entered into for fixed term of 2 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 Target Company applies the definition of a contract and determines the period for which the contract is enforceable.

14. TRADE RECEIVABLES

	At 30 June		
	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables from contracts with customers	14,467	9,959	8,691
Less: allowance for credit losses *(note (b))*	–	–	(3,541)
	14,467	9,959	5,150

As at 1 July 2023, trade receivables from contracts with customers amounted to HK$12,328,000.

The credit period is generally for a period from one month to six months depending on the customers' creditworthiness.

The Target Company seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management.

All trade receivables are denominated in HK$.

(a) Ageing analysis

Ageing analysis of trade receivables (net of allowance for credit losses) presented based on the date of delivery are as follows:

	At 30 June		
	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	5,020	4,489	3,840
31–90 days	3,203	1,125	1,307
91–365 days	6,244	4,345	3
	14,467	9,959	5,150

(b) Impairment of trade receivables

Included in the Target Company's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$5,627,000, HK$4,834,000 and HK$853,000 as at 30 June 2024, 2025 and 2026 respectively, which are past due at those dates respectively. Out of the past due balances, approximately HK$234,000, nil and nil at 30 June 2024, 2025 and 2026 respectively have been past due 90 days or more and is not considered as default because of no recent history of default and in the opinion of the directors of the Target Company, the amounts are still considered recoverable. The Target Company does not hold any collateral over these balances.

Details of impairment assessment of trade receivables are set out in note 25.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Other receivables	31	14	114
Deposits	1,172	1,221	1,275
Prepayments	121	127	221
	1,324	1,362	1,610
Financial assets denominated in:			
HK$	1,203	1,235	1,389

Details of impairment assessment of other receivables and deposits are set out in note 25.

16. BANK BALANCES AND CASH

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks and on hand	24,370	27,919	28,351
Denominated in:			
HK$	24,370	27,919	28,351

Cash at banks earn interest at floating rates based on the daily bank deposit rates.

Details of impairment assessment are set out in note 25.

17. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date:

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	1,249	1,118	845

18. LEASE LIABILITIES

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Lease liabilities payable			
– Within one year	2,107	2,155	139
– More than one year but not more than two years	2,339	184	–
	4,446	2,339	139
Less: amounts due for settlement within one year shown under current liabilities	(2,107)	(2,155)	(139)
Amounts due for settlement after one year under non-current liabilities	2,339	184	–

For the years ended 30 June 2024, 2025 and 2026, the effective incremental borrowing rate ranged from 2.2% to 4.9%, 2.2% to 4.9% and 4.9% to 5.4% respectively.

19. ACCRUALS

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Accrued expenses	1,413	1,353	1,210

20. SHARE CAPITAL

Issued and fully paid:	**Number of shares in issue** *('000)*	**Share capital** *HK$'000*
At 1 July 2023, 30 June 2024, 1 July 2024, 30 June 2025, 1 July 2025 and 30 June 2026	2,500	2,500

21. SHARE OPTION SCHEME OF THE ULTIMATE HOLDING COMPANY

Chaoda Modern Agriculture (Holdings) Limited ("**Chaoda Modern**"), the ultimate holding company of the Target Company, has its own share option scheme. The board of directors of the Chaoda Modern can grant to any employees, including the directors, options to subscribe for ordinary shares of Chaoda Modern under its share option scheme (the "**Share Option Scheme**").

The number of share options and their weighted average exercise price for the reporting periods under the Share Option Scheme presented are as follows:

	2024 Number of share options	2024 Weighted average exercise price *HK$*	2025 Number of share options	2025 Weighted average exercise price *HK$*	2026 Number of share options	2026 Weighted average exercise price *HK$*
Outstanding as at beginning of the year	1,000,000		1,000,000		50,000	
Adjustment arising from share consolidation	–		(950,000)		–	
Outstanding as at end of the year	1,000,000	0.187	50,000	3.74	50,000	3.74
Exercisable as at end of the year	1,000,000	0.187	50,000	3.74	50,000	3.74

The exercisable periods of share options under the Scheme of the Target Company are as follows:

Exercisable period:	2024 Number of share options	2024 Weighted average exercise price *HK$*	2025 Number of share options	2025 Weighted average exercise price *HK$*	2026 Number of share options	2026 Weighted average exercise price *HK$*
13-07-2016 to 12-07-2026	200,000	0.187	10,000	3.74	10,000	3.74
13-07-2017 to 12-07-2026	200,000	0.187	10,000	3.74	10,000	3.74
13-07-2018 to 12-07-2026	200,000	0.187	10,000	3.74	10,000	3.74
13-07-2019 to 12-07-2026	200,000	0.187	10,000	3.74	10,000	3.74
13-07-2020 to 12-07-2026	200,000	0.187	10,000	3.74	10,000	3.74
Outstanding as at 30 June	1,000,000	0.187	50,000	3.74	50,000	3.74

The Target Company's share options outstanding under the Scheme as at 30 June 2024, 2025 and 2026 had a weighted average remaining contractual life of 2.04 years, 1.04 years and 0.04 year, respectively.

22. CAPITAL COMMITMENT

The Target Company had no capital commitments at the end of each of the Relevant Periods.

23. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged over the Relevant Periods.

The capital structure of the Target Company consists of net debt, which includes lease liabilities, net of bank balances and cash and equity of the Target Company, comprising issued share capital and reserves.

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Target Company's financial assets and financial liabilities recognised at the end of the reporting period may also be categorised as follows. See note 3 for explanations on how the category of financial instruments affects their subsequent measurement.

Financial assets

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets measured at amortised cost			
– Trade receivables	14,467	9,959	5,150
– Other receivables and deposits	1,203	1,235	1,389
– Bank balances and cash	24,370	27,919	28,351
	40,040	39,113	34,890

Financial liabilities

	At 30 June		
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities measured at amortised cost:			
– Trade payables	1,249	1,118	845
– Lease liabilities	4,446	2,339	139
– Accruals	1,413	1,353	1,210
	7,108	4,810	2,194

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Target Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate risk. The Target Company's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Target Company's financial performance.

(i) Currency risk

As the Target Company's sales and purchases are mainly transacted in its functional currency, the currency risk resulting from daily operations is considered not significant. The Target Company currently does not have a foreign currency hedging policy. However, the directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Credit risk

Credit risk and impairment assessment

The Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligations by the counterparties is arising from the carrying amount of respective recognised financial assets as stated in the statement of financial position of the Target Company.

In order to minimise the credit risk, the management of the Target Company has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Company reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Target Company's credit risk is significantly reduced.

Trade receivables

As at 30 June 2024, 2025, and 2026, the Target Company has concentration of credit risk with its largest debtor accounted for 49%, 29% and 28% of total trade receivables, and its top five debtors accounted for 73%, 59% and 65%, respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Target Company.

As part of the Target Company's credit risk management, the Target Company applied internal credit rating for its customers. The Target Company use provision matrix to calculate ECL. The provision rates are based on past due ageing as grouping of various debtors that have similar loss patterns. The provision matrix is based on Target Company's historical default rate taking into consideration forward looking information that is reasonable and supportable available without undue cost or effort.

Other receivables and deposits

For other receivables and deposits, the directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors perform impairment assessment under ECL model on other receivables and deposits. No written off was recognised for the Relevant Periods.

The Target Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets at amortised cost
Good	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Low risk	Debtor frequently repays after due dates but usually settles in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Target Company's trade receivables, other receivables and deposits and bank balances, which are subject to ECL assessment:

				At 30 June		
	External credit rating	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount *HK$'000*	2025 Gross carrying amount *HK$'000*	2026 Gross carrying amount *HK$'000*
Financial assets at amortised cost						
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	14,467	9,959	5,150
	N/A	Doubtful	Lifetime ECL (not credit-impaired)	–	–	–
	N/A	Loss	Lifetime ECL (credit-impaired)	–	–	3,541
	N/A	Write-off	Amount is written off	–	–	–
Other receivables and deposits	N/A	Low risk	Lifetime ECL (not credit-impaired)	1,203	1,235	1,389
	N/A	Write-off	Amount is written off	–	–	–
Bank balances	2024: A3 2025: A3 2026: A3	N/A	12m ECL (not credit-impaired)	24,370	27,919	28,351

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the directors to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the directors to ensure relevant information about specific debtors is updated.

Trade receivables

The following table shows the movement in lifetime ECL that has been recognised under the simplified approach.

The Target Company uses provision matrix to calculate ECL. The provision rates are based on past due ageing as grouping to various debtors that have similar loss patterns. The provision matrix is based on the Target Company's historical default rate taking into consideration forward looking information that is reasonable, supportable and available without undue cost or effort.

	Lifetime ECL (not credit-impaired) *HK$'000*	**Lifetime ECL (credit-impaired)** *HK$'000*
ECL allowance for trade receivables		
As at 1 July 2023, 30 June 2024, 1 July 2024, 30 June 2025 and 1 July 2025	–	–
Impairment loss recognised	–	3,541
As at 30 June 2026	–	3,541

For the years ended 30 June 2024, 2025 and 2026, the Target Company provided ECL allowance for trade receivables to nil, nil and HK$3,541,000, respectively, which was recognised in profit and loss.

Other receivables and deposits

Having reviewed the status of the other receivables and deposits, the management of the Target Company considers that no impairment losses is required to be made for these other receivables and deposits for the Relevant Periods.

The Target Company does not hold any collateral over these balances.

Bank balances

The credit risk on bank balances is limited because the major counterparties are reputable banks operating in Hong Kong.

(iii) Liquidity risk

In the management of liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Target Company's operations, investment opportunities, expected expansion and to meet its debt obligations as they fall due. The Target Company finances its working capital requirements mainly by the funds generated from its operations.

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The table includes both interest and principal cash flows.

As at 30 June 2024

	On demand or within 1 year *HK$'000*	**1-2 years** *HK$'000*	**Over 2 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
Trade payables	1,249	–	–	1,249	1,249
Lease liabilities	2,255	2,220	185	4,660	4,446
Accruals	1,413	–	–	1,413	1,413
	4,917	2,220	185	7,322	7,108

As at 30 June 2025

	On demand or within 1 year *HK$'000*	**1-2 years** *HK$'000*	**Over 2 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
Trade payables	1,118	–	–	1,118	1,118
Lease liabilities	2,220	185	–	2,405	2,339
Accruals	1,353	–	–	1,353	1,353
	4,691	185	–	4,876	4,810

As at 30 June 2026

	On demand or within 1 year *HK$'000*	**1-2 years** *HK$'000*	**Over 2 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
Trade payables	845	–	–	845	845
Lease liabilities	140	–	–	140	139
Accruals	1,210	–	–	1,210	1,210
	2,195	–	–	2,195	2,194

(iv) Interest rate risk

The Target Company does not have any borrowings which bears floating interest rates. The Target Company's interest rate risk primarily relates to the interest bearing bank balances and lease liabilities. The Target Company currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

The directors are of the opinion that the impact of the Target Company's sensitivity to the change in interest rate is insignificant.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities *(note 18)* *HK$'000*
As at 1 July 2023	2,824
Finance cash flows	(2,604)
Non-cash changes:	
New lease entered	4,226
As at 30 June 2024 and 1 July 2024	4,446
Finance cash flows	(2,107)
As at 30 June 2025 and 1 July 2025	2,339
Finance cash flows	(1,670)
Non-cash changes:	
Lease modification	(530)
As at 30 June 2026	139

Major non-cash transactions

During the Relevant Periods, the Target Company entered into the following major non-cash investing and financing activities which are not reflected in the statements of cash flows:

During the year ended 30 June 2024, the Target Company had addition of right-of-use assets and lease liabilities of HK$4,330,000 and HK$4,226,000 respectively and adjustment on rental deposits paid of HK$105,000 in respect of lease arrangement for leasehold building.

27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods, and which have not been adopted in the Historical Financial Information. These include the followings which may be relevant to the Target Company.

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Annual Improvements to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 20	Regulatory Assets and Regulatory Liabilities[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after 1 January 2029.

Except for the new and amendments of HKFRS Accounting Standards mentioned below, the directors of the Target Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transaction provisions. The application of the new standard may affect the structure and presentation of the statement of profit or loss and disclosures in the future financial statements. The Target Company is in the process of assessing the detailed impact of HKFRS 18 on the Target Company's financial statements.

28. SUBSEQUENT EVENTS

No significant activities or events have taken place subsequent to 30 June 2026 that have a material impact on the Target Company.

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to the end of the Relevant Periods.

Set out below is the management discussion and analysis of the Target Company for the years ended 30 June 2024, 2025 and 2026, which is based on the financial information of the Target Company as set out in the accountant's report in Appendix II to this circular.

BUSINESS OVERVIEW

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in wholesale and logistics of vegetables and fruits in Hong Kong.

The Target Company primarily provides one-stop fresh agricultural product supply chain services, delivering daily from production areas in mainland China and overseas. Tailored to the specific needs of catering clients, it offers processing services including vegetable washing, cutting, grading, and packaging. Strict food safety and quality testing are implemented at every stage of processing, together with the professional refrigerated transport vehicles, delivering fresh ingredients on time to all districts across Hong Kong. Its primary clientele consists of major hotels, restaurants, chain restaurants, and other food and beverage establishments throughout Hong Kong, as well as educational institutions and charitable organizations.

LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2024, 2025 and 2026, the total assets of the Target Company amounted to approximately HK$45.46 million, HK$42.47 million and HK$35.81 million respectively. As at the same dates, the total liabilities of the Target Company amounted to approximately HK$8.01 million, HK$4.81 million and HK$2.19 million respectively.

As at 30 June 2024, the current assets and current liabilities of the Target Company was approximately HK$40.16 million and HK$5.67 million respectively. The current assets mainly comprised bank balances and cash of approximately HK$24.37 million. The current liabilities mainly comprised lease liabilities of approximately HK$2.11 million and accruals HK$1.41 million. The current ratio, represented by current assets as a percentage of current liabilities, was approximately 7 times.

As at 30 June 2025, the current assets and current liabilities of the Target Company was approximately HK$39.68 million and HK$4.63 million respectively, with the current ratio slightly improved to approximately 8 times.

As at 30 June 2026, the current assets and current liabilities of the Target Company was approximately HK$35.40 million and HK$2.19 million respectively, with the current ratio further improved to approximately 16 times, demonstrating continued strengthening of the Target Company's short-term liquidity position.

REVENUE

The Target Company achieved revenue of approximately HK$68.89 million, HK$59.19 million and HK$54.85 million for the years ended 30 June 2024, 2025 and 2026 respectively.

Revenue decreased by 14.1% from approximately HK$68.89 million for the year ended 30 June 2024 to approximately HK$59.19 million for the year ended 30 June 2025, mainly due to the changing leisure habits of many local residents. There has been a significant rise in the number of locals making short-stay trips to locations outside Hong Kong for shopping and dining, especially Shenzhen and the Greater Bay Area, and particularly on weekends, which adversely affected the food and beverage and retail industries, as well as the performance of the Target Company's sales.

Revenue further decreased by approximately 7.3% from approximately HK$59.19 million for the year ended 30 June 2025 to approximately HK$54.85 million for the year ended 30 June 2026, mainly due to Hong Kong's overall economic recovery remained subdued given ongoing uncertainties in the global economy and consumer sentiment among both visitors and citizens had yet to fully recover.

COST OF SALES

Cost of sales of the Target Company was approximately HK$46.33 million, HK$41.25 million and HK$39.06 million for the years ended 30 June 2024, 2025 and 2026 respectively.

Cost of sales decreased by approximately 11.0% from the year ended 30 June 2024 to the year ended 30 June 2025, broadly in line with the decrease in revenue. Cost of sales decreased by approximately 5.3% from the year ended 30 June 2025 to the year ended 30 June 2026, consistent with the decrease in revenue.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses of the Target Company, comprising staff costs and operating expenses, were approximately HK$12.57 million, HK$11.23 million and HK$10.13 million for the years ended 30 June 2024, 2025 and 2026 respectively.

General and administrative expenses decreased by approximately HK$1.34 million, or 10.6% from the year ended 30 June 2024 to the year ended 30 June 2025. They further decreased by approximately HK$1.10 million, or 9.8% from the year ended 30 June 2025 to the year ended 30 June 2026.

The decreases were principally attributable to (i) the decrease in overall staff costs following the reduction in headcount; and (ii) the continued optimization of the Target Company's internal management structure and reduction of non-essential administrative expenditure.

NET PROFIT/(LOSS)

The Target Company recorded total comprehensive income (net profit) of approximately HK$3.14 million and HK$0.21 million for the years ended 30 June 2024 and 2025 respectively, primarily attributable to the decrease in revenue. The Target Company turn from total comprehensive income (net profit) to total comprehensive expense (net loss) of approximately HK$4.05 million for the year ended 30 June 2026, mainly due to the recognition of an impairment loss of approximately HK$3.54 million under the expected credit loss model.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Target Company amounted to approximately HK$22.56 million, HK$17.94 million and 15.78 million for the years ended 30 June 2024, 2025 and 2026 respectively.

The gross profit margin of the Target Company was approximately 32.7%, 30.3% and 28.8% for the years ended 30 June 2024, 2025 and 2026 respectively. The moderate compression in gross profit margin from 2024 to 2026 was primarily attributable to the keen competition in the market of wholesale and logistics of vegetables and fruits.

GEARING AND CAPITAL STRUCTURE

The Target Company did not have any bank borrowings or external debt financing during the reporting periods. The Target Company's only interest-bearing liabilities comprised lease liabilities recognised under IFRS 16, which amounted to approximately HK$4.45 million, HK$2.34 million and HK$0.14 million as at 30 June 2024, 2025 and 2026 respectively.

As at 30 June 2024, the Target Company held cash at bank and in hand of approximately HK$24.37 million, representing a net cash position (after deducting total lease liabilities) of approximately HK$19.92 million. The Target Company maintained a net cash position throughout the reporting periods, reflecting its ability to generate cash from operations and its conservative approach to financial leverage.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2024, 2025 and 2026, the Target Company had 20, 18 and 17 employees, respectively. The Target Company's staff costs (including directors' remuneration) mainly comprise salaries, allowances, discretionary bonuses and contributions to defined contribution retirement schemes.

The Target Company's remuneration policy is determined with reference to individual performance, responsibilities, qualifications and experience, as well as prevailing market conditions.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 30 June 2026, the non-current assets of the Target Company comprised property, plant and equipment of approximately HK$0.27 million and right-of-use assets of approximately HK$0.14 million. Save as disclosed herein, the Target Company did not hold any material equity investments or interests in joint ventures during the reporting periods, and no plans for material investments or capital expenditure outside the ordinary course of business have been identified as at the Latest Practicable Date.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2026, the Target Company maintained operational lease liabilities comprising current lease liabilities of approximately HK$0.14 million. Save as disclosed herein, the Target Company did not have any material capital commitments or contingent liabilities as at 30 June 2024, 2025 and 2026.

FOREIGN EXCHANGE EXPOSURE

The principal assets and liabilities of the Target Company are denominated in Hong Hong Dollars (HK$), which serves as the primary functional currency of the Target Company. Accordingly, the Target Company's exposure to foreign exchange risk is considered to be limited during the reporting periods.

ACQUISITIONS AND DISPOSALS

The Target Company did not undertake any material acquisitions or disposals of subsidiaries or associated companies during the years ended 30 June 2024, 2025 and 2026.

CHARGES ON ASSETS

As at 30 June 2024, 2025 and 2026, and up to the Latest Practicable Date, there were no charges on the assets of the Target Company.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

On 14 September 2026, Chaoda Vegetable & Fruits Limited (the "**Purchaser**"), a wholly-owned subsidiary of Chaoda Modern Agriculture (Holdings) Limited (the "**Company**") entered into three separate sale and purchase agreements (the "**S&P Agreements**") with three individuals, Mr. Ng Fai Hung, Mr. Huang Shao Chuang and Mr. Lo Poon Lap (collectively referred to as the "**Vendors**"), pursuant to which the Purchaser conditionally agreed to acquire additional 34% equity interest in Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited (the "**Target Company**", a subsidiary of the Company), not held by the Group, comprising the Company and its subsidiaries (the "**Proposed Acquisition**").

The unaudited pro forma financial information has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") to provide information on the Group to illustrate the effect of the Proposed Acquisition on the Group's financial position as at 30 June 2026 as if the Proposed Acquisition had taken place on 30 June 2026.

The unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2026 and related notes (hereinafter collectively referred to as the "**Unaudited Pro Forma Financial Information**") of the Enlarged Group (being the Group upon completion of the Proposed Acquisition) are prepared based on (i) the consolidated statement of financial position of the Group as at 30 June 2026 as extracted from the published annual report of the Company for the year ended 30 June 2026, after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Proposed Acquisition that are (i) directly attributable to the Proposed Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not give a true picture of the financial position of the Enlarged Group would have been if the Proposed Acquisition had been completed on 30 June 2026 or any future date.

The Unaudited Pro forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to the Circular and the historical financial information of the Target Company as set out in Appendix II to the Circular and other financial information included elsewhere in the Circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2026

	The Group as at 30 June 2026 *RMB'000* *(Note 1)*	Pro forma adjustments *RMB'000* *(Note 2)*	*RMB'000* *(Note 3)*	Unaudited pro forma of the Enlarged Group *RMB'000*
Non-current assets				
Property, plant and equipment	22,125			22,125
Right-of-use assets	18,500			18,500
Investment properties	48,247			48,247
	88,872			88,872
Current assets				
Trade receivables	6,399			6,399
Other receivables, deposits and prepayments	2,612			2,612
Income tax recoverable	249			249
Bank balances and cash	83,194	(4,499)	(614)	78,081
	92,454			87,341
Current liabilities				
Trade payables	1,056			1,056
Lease liabilities	389			389
Other payables and accruals	3,779			3,779
	5,224			5,224
Net current assets	87,230			82,117
Total assets less current liabilities	176,102			170,989
Non-current liabilities				
Provision for retirement benefit obligations	303			303
	303			303
Net assets	175,799			170,686

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The assets and liabilities of the Group as at 30 June 2026 were derived from the consolidated statement of financial position as at that date set out in the published annual report of the Group for the year ended 30 June 2026.

2. The Purchaser entered into the S&P Agreements with the Vendors pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 34% of the issued share capital of the Target Company. The cash consideration for the Proposed Acquisition is approximately RMB4,499,000.

   In accordance with Hong Kong Financial Reporting Standard 3, "*Business Combinations*" issued by the HKICPA,

   (a) changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests; and

   (b) any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid is recognised directly in equity and attributed to owners of the Company.

   Accordingly, pro forma adjustments have been made to recognise the Proposed Acquisition, analysed as follows:

	RMB'000
Consideration for the proposed acquisition of 34% equity interest of the Target Company	4,499
Carrying amount as at 30 June 2026 of non-controlling interest in the Target Company to be acquired by the Group, being 34% equity interest of the Target Company	(10,569)
Shortfall of the consideration below the carrying amount of non-controlling interest, credited to reserves of the Group	(6,070)

   Upon completion of the Proposed Acquisition, the actual amount of the equity movements of the Enlarged Group for the accounting purpose will need to be recalculated based on the fair value of the purchase consideration for the Proposed Acquisition and the carrying amount of 34% equity interest of the Target Company at the date of the completion of the Proposed Acquisition. The actual financial effects may be different from the amounts presented above.

3. The adjustment represents the estimated transaction costs, including legal and professional fees of approximately HK$708,000 (equivalent to approximately RMB614,000), The expenses are charged directly to profit or loss. This adjustment has no continuing effect to the financial statements of the Enlarged Group in subsequent years.

4. No adjustment has been made for any trading or other transactions of the Group subsequent to 30 June 2026.

The following is the text of the independent reporting accountants' assurance report received from CCTH CPA LIMITED, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Enlarged Group prepared for the purpose of incorporation in this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Chaoda Modern Agriculture (Holdings) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Chaoda Modern Agriculture (Holdings) Limited (the "**Company**") and its subsidiaries (collectively hereinafter referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2026 and related notes as set out on pages 74 to 76 of the Company's circular dated 19 November 2026, in connection with the proposed acquisition of additional 34% equity interest in the Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited (the "**Target Company**") (the "**Proposed Acquisition**") by an indirect wholly-owned subsidiary of the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 74 to 76 of the circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's assets and liabilities as at 30 June 2026 as if the Proposed Acquisition had been taken place on 30 June 2026. As part of this process, information about the Group's assets and liabilities has been extracted by the Directors from the Group's consolidated financial statements for the year ended 30 June 2026, on which an annual report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition as at 30 June 2026 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CCTH CPA LIMITED
Certified Public Accountants

Hong Kong, 19 November 2026

Wong Tak Man
Practising Certificate Number: P08044

Unit 1510-1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51, Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive 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 SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required and notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers in the Listing Rules were as follows:

Long positions in the Shares

Name of Director	Nature of interests	Number of Shares held	Total	Approximate percentage of shareholding
Mr. Kwok Ho	Personal interests	101,400	32,254,632	16.31%
	Interests of controlled corporation *(Note)*	32,153,232		

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

(b) Interest of substantial Shareholders

So far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name	Capacity/ Nature of interests	Number of Shares held	Approximate percentage of shareholding
Kailey Investment Ltd.*(Note)*	Beneficial owner	32,153,232	16.26%

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.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, chief executives of the Company, no other person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective close associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2026 the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

(i) the Sale and Purchase Agreements; and

(ii) a placing agreement dated 1 December 2025 entered into between the Company and Advert Securities (Hong Kong) Limited as placing agent in relation to the placing of 32,950,000 placing shares to not less than six places at the placing price of HK$0.225 per placing share.

8. GENERAL

(i) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

(ii) The company secretary of the Company is Mr. Yeung Man Chit who is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(iii) The authorised representatives of the Company are Mr. Kwok Ho and Mr. Ip Chi Ming.

(iv) The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

(v) The head office and principal place of business in Hong Kong of the Company is Room B, 21st Floor, Times Media Centre, 133 Wan Chai Road, Wanchai, Hong Kong.

(vi) The branch share register and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualifications
Rainbow Capital (HK) Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
CCTH CPA LIMITED	Certified Public Accountants and Registered Public Interest Entity Auditor

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, opinion, logo and qualifications, in the form and context in which they appear.

As at the Latest Practicable Date, each of the above experts:

(i) did not have any direct or indirect, interest in any assets which have been since 30 June 2026 (being the date which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or proposed to be leased to, any member of the Group; and

(ii) did not have any shareholding, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.chaoda.hk.cn) for a period of not less than 14 days from the date of this circular up to and including the date of the EGM:

(i) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;

(ii) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

(iii) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(iv) the consent letters as referred to in the paragraph headed "9. Experts and consents" in this appendix; and

(v) the Sale and Purchase Agreements.

CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
超大現代農業(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Chaoda Modern Agriculture (Holdings) Limited (the "**Company**") will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 11 December 2026 at 11:00 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:30 a.m. on the same day or any adjournment thereof), to consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions of the Company. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 19 November 2026:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the sale and purchase agreement dated 14 September 2026 (the "**Sale and Purchase Agreement I**") (a copy of which is produced to the EGM marked "A" and signed by the chairman of the EGM for identification purpose) entered into between Chaoda Vegetable & Fruits Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, as purchaser, and Mr. Ng Fai Hung, as vendor, in relation to the acquisition by the Purchaser of 475,000 shares in Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited (the "**Target Company**"), representing 19% of its issued shares, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) any one or more directors of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents (including under the seal of the Company) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Sale and Purchase Agreement I and the transactions contemplated thereunder."

2. "**THAT**:

(a) the sale and purchase agreement dated 14 September 2026 (the "**Sale and Purchase Agreement II**") (a copy of which is produced to the EGM marked "B" and signed by the chairman of the EGM for identification purpose) entered into between the Purchaser and Mr. Huang Shao Chuang, as vendor, in relation to the acquisition by the Purchaser of 200,000 shares in the Target Company, representing 8% of its issued shares, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) any one or more directors of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents (including under the seal of the Company) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Sale and Purchase Agreement II and the transactions contemplated thereunder."

3. "**THAT:**

(a) the sale and purchase agreement dated 14 September 2026 (the "**Sale and Purchase Agreement III**") (a copy of which is produced to the EGM marked "C" and signed by the chairman of the EGM for identification purpose) entered into between the Purchaser and Mr. Lo Poon Lap, as vendor, in relation to the acquisition by the Purchaser of 175,000 shares in the Target Company, representing 7% of its issued shares, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) any one or more directors of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents (including under the seal of the Company) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Sale and Purchase Agreement III and the transactions contemplated thereunder."

By Order of the Board
Chaoda Modern Agriculture (Holdings) Limited
Kwok Ho
Chairman

19 November 2026

Notes:

(1) Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxy(ies) to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy needs not be a member of the Company.

(2) To be valid, a form of proxy for the EGM, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours (excluding any part of a day that is a public holiday in Hong Kong) before the time appointed for holding the EGM (that is, by Wednesday, 9 December 2026 at 11:00 a.m.) or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(3) Where there are joint registered holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint registered holders are present at the EGM personally or by proxy, then one of the registered holders so present whose name stands first in the register of members of the Company in respect of such Share, or his proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect thereof.

(4) To ascertain the eligibility of the members of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 8 December 2026 to Friday, 11 December 2026 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on Monday, 7 December 2026.

(5) At the EGM, the Chairman of the EGM will exercise his power under Article 80 of the articles of association of the Company to put any resolution to be proposed at the meeting to a vote by way of poll as required under the Listing Rules. The poll results will be published on the websites of the Company and the Stock Exchange in accordance with the Listing Rules.