



# CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

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

INTERIM REPORT

*2023/2024*

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The consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2023 and the consolidated statement of financial position of the Group as at 31 December 2023, together with the explanatory notes, are unaudited and condensed, which have been reviewed by the Company's Audit Committee and the Company's auditor, Elite Partners CPA Limited.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023 — Unaudited

	Notes	Six months ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	3	39,385	45,723
Cost of sales		(27,056)	(32,634)
Gross profit		12,329	13,089
Other revenues		7,523	7,294
Selling and distribution expenses		(3,971)	(4,654)
General and administrative expenses		(20,500)	(16,638)
<b>Loss from operations</b>		<b>(4,619)</b>	(909)
Finance costs	5(a)	(67)	(178)
<b>Loss before income tax</b>	5	<b>(4,686)</b>	(1,087)
Income tax expense	6	(297)	(667)
<b>Loss for the period</b>		<b>(4,983)</b>	(1,754)
<b>Other comprehensive expense, including reclassification adjustments and net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of financial statements of foreign operations		(868)	(881)
<b>Other comprehensive expense for the period, including reclassification adjustments and net of income tax</b>		<b>(868)</b>	(881)
<b>Total comprehensive expense for the period</b>		<b>(5,851)</b>	(2,635)

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

For the six months ended 31 December 2023 — Unaudited

	Notes	Six months ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(5,939)</b>	(3,827)
Non-controlling interests		<b>956</b>	2,073
		<b>(4,983)</b>	(1,754)
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		<b>(6,880)</b>	(3,690)
Non-controlling interests		<b>1,029</b>	1,055
		<b>(5,851)</b>	(2,635)
<b>Loss per share for loss attributable to the owners of the Company during the period</b>			
— Basic	8(a)	<b>RMB(0.002)</b>	RMB(0.001)
— Diluted	8(b)	<b>RMB(0.002)</b>	RMB(0.001)

# Condensed Consolidated Statement of Financial Position

As at 31 December 2023 — Unaudited

	Notes	31 December 2023 RMB'000	30 June 2023 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	27,032	27,801
Right-of-use assets	10	24,012	26,581
Investment properties		59,144	61,477
		<b>110,188</b>	115,859
<b>Current assets</b>			
Trade receivables	11	14,697	14,344
Other receivables, deposits and prepayments		4,277	4,297
Bank balances and cash		106,322	109,031
		<b>125,296</b>	127,672
<b>Current liabilities</b>			
Trade payables	12	1,850	2,044
Lease liabilities		1,862	2,877
Other payables and accruals		26,983	27,784
Tax payables		1,006	732
		<b>31,701</b>	33,437
<b>Net current assets</b>		<b>93,595</b>	94,235
<b>Total assets less current liabilities</b>		<b>203,783</b>	210,094
<b>Non-current liabilities</b>			
Lease liabilities		257	717
<b>Net assets</b>		<b>203,526</b>	209,377

# Condensed Consolidated Statement of Financial Position *(continued)*

As at 31 December 2023 — Unaudited

	Notes	31 December 2023 RMB'000	30 June 2023 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	13	333,149	333,149
Reserves		(134,059)	(127,179)
<b>Non-controlling interests</b>			
		199,090	205,970
		4,436	3,407
<b>Total equity</b>		<b>203,526</b>	<b>209,377</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023 — Unaudited

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Net cash generated from operating activities	249	4,009
Net cash used in from investing activities	(956)	(358)
Net cash used in financing activities	(1,422)	(2,547)
Net (decrease)/increase in cash and cash equivalents	(2,129)	1,104
Cash and cash equivalents at beginning of the period	92,031	87,629
Effect of foreign exchange rate changes, net	(580)	(15)
<b>Cash and cash equivalents at end of the period</b>	<b>89,322</b>	<b>88,718</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023 — Unaudited

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

	Attributable to the owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee	Capital	Exchange reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
				share-based compensation reserve RMB'000	redemption reserve RMB'000						
<b>Six months ended 31 December 2023</b>											
<b>As at 1 July 2023</b>	333,149	5,969,570	82,723	23,001	5,247	(222,823)	671,275	(6,656,172)	205,970	3,407	209,377
Loss for the period	—	—	—	—	—	—	—	(5,939)	(5,939)	956	(4,983)
<b>Other comprehensive expense for the period</b>											
— Currency translation differences	—	—	—	—	—	(941)	—	—	(941)	73	(868)
<b>Total comprehensive expense for the period</b>	—	—	—	—	—	(941)	—	(5,939)	(6,880)	1,029	(5,851)
Lapse of share options	—	—	—	(57)	—	—	—	57	—	—	—
<b>As at 31 December 2023 (Unaudited)</b>	333,149	5,969,570	82,723	22,944	5,247	(223,764)	671,275	(6,662,054)	199,090	4,436	203,526

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023 — Unaudited

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2023 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2023 (the “2023 Annual Financial Statements”).

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2023 Annual Financial Statements, except for the adoption of the new, amended or revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which collectively include all applicable individual Hong Kong Financial Reporting Standard (“HKFRS”), Hong Kong Accounting Standard (“HKAS”) and Interpretation issued by the HKICPA) as disclosed in Note 2 to the Interim Financial Report.

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

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

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

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the Group annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

Amendments to HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

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

For the six months ended 31 December 2023 — Unaudited

## 3. REVENUE

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

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

## 4. SEGMENT INFORMATION

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

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the six months ended 31 December 2023 and 2022 were mainly derived from its sales of crops. Consequently, no operating segment analysis is presented.

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

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

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

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

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Customer A	5,056	5,470
Customer B	5,719	6,356
Customer C	4,713	5,169
Customer D	4,225	—*

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

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

For the six months ended 31 December 2023 — Unaudited

## 5. LOSS BEFORE INCOME TAX

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

### (a) Finance costs

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Bank and finance charges	3	3
Interest expenses on lease liabilities	64	175
	<b>67</b>	178

### (b) Staff costs (including directors' remuneration)

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	7,291	6,556
Retirement benefit costs	543	568
	<b>7,834</b>	7,124

### (c) Other items

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest income	(926)	(392)
Cost of inventories sold	27,056	32,634
Depreciation of property, plant and equipment, net of amount capitalised	1,559	1,541
Depreciation of right-of-use assets	2,519	2,485
Depreciation of investment properties	2,333	2,341
Expense related to short-term leases	7	18

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

For the six months ended 31 December 2023 — Unaudited

### 6. INCOME TAX EXPENSE

	Note	Six months ended 31 December	
		2023 RMB'000	2022 RMB'000
Current tax	(a)		
– PRC Enterprise Income Tax		—	—
– Hong Kong profits Tax		297	667
		<b>297</b>	667

- (a) No provision for the PRC enterprise income tax has been made in the condensed consolidated financial statements for six months ended 31 December 2023 and 2022 as the PRC companies within the Group either has no assessable profits arising from the PRC or exempt from the enterprise income tax.

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

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2023 and 2022.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is 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 for the six months ended 31 December 2023 and 2022.

### 7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2023 (Six months ended 31 December 2022: Nil).

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

For the six months ended 31 December 2023 — Unaudited

### 8. LOSS PER SHARE

#### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately RMB5,939,000 (Six months ended 31 December 2022: approximately RMB3,827,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2022: approximately 3,295,582,000) ordinary shares in issue during the period.

#### (b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of approximately RMB5,939,000 (Six months ended 31 December 2022: approximately RMB3,827,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2022: approximately 3,295,582,000) ordinary shares. The computation of diluted loss per share does not assume the conversion of the Company's share options outstanding since their exercise would result in a decrease in loss per share for the six months ended 31 December 2023 and 2022.

### 9. PROPERTY, PLANT AND EQUIPMENT

	<b>31 December 2023 RMB'000</b>	30 June 2023 RMB'000
Net book value as at 1 July 2023/1 July 2022	<b>27,801</b>	30,275
Additions	<b>969</b>	654
Write off/Disposals	<b>(135)</b>	—
Depreciation charges	<b>(1,559)</b>	(3,031)
Exchange realignment	<b>(44)</b>	(97)
Net book value as at 31 December 2023/30 June 2023	<b>27,032</b>	27,801

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

For the six months ended 31 December 2023 — Unaudited

## 10. RIGHT-OF-USE ASSETS

	Leasehold building RMB'000	Land use rights RMB'000	Long-term prepaid rentals RMB'000	Total RMB'000
<b>Cost</b>				
As at 1 July 2022	9,700	125,635	388,194	523,529
Additions	4,625	—	—	4,625
Early termination of lease	(8,708)	—	—	(8,708)
Exchange realignment	643	—	(3,584)	(2,941)
As at 30 June 2023 and 1 July 2023	6,260	125,635	384,610	516,505
Exchange realignment	(138)	—	(6,714)	(6,852)
<b>As at 31 December 2023</b>	<b>6,122</b>	<b>125,635</b>	<b>377,896</b>	<b>509,653</b>
<b>Accumulated depreciation</b>				
As at 1 July 2022	8,151	102,324	386,340	496,815
Charges for the period	2,815	1,298	855	4,968
Early termination of lease	(8,708)	—	—	(8,708)
Exchange realignment	433	—	(3,584)	(3,151)
At 30 June 2023 and 1 July 2023	2,691	103,622	383,611	489,924
Charges for the period	1,441	649	429	2,519
Exchange realignment	(88)	—	(6,714)	(6,802)
<b>As at 31 December 2023</b>	<b>4,044</b>	<b>104,271</b>	<b>377,326</b>	<b>485,641</b>
<b>Net carrying value</b>				
<b>As at 31 December 2023</b>	<b>2,078</b>	<b>21,364</b>	<b>570</b>	<b>24,012</b>
As at 30 June 2023	3,569	22,013	999	26,581

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

For the six months ended 31 December 2023 — Unaudited

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

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Expenses relating to short-term leases	7	18

The Group leases various office for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2022: 2 years to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## 11. TRADE RECEIVABLES

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

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

	31 December 2023 RMB'000	30 June 2023 RMB'000
Within 1 month	6,141	8,357
Within 1-3 months	5,704	4,123
Over 3 months	2,852	1,864
	14,697	14,344

## 12. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2023 RMB'000	30 June 2023 RMB'000
Within 1 month	1,784	1,978
Within 1-3 months	—	—
Over 3 months	66	66
	1,850	2,044

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

For the six months ended 31 December 2023 — Unaudited

## 13. SHARE CAPITAL

### Authorised ordinary shares of HK\$0.1 each

	No. of shares (‘000)	HK\$’000	RMB’000
As at 1 July 2022, 30 June 2023, 1 July 2023 and <b>31 December 2023</b>	5,000,000	500,000	527,515

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

	No. of shares (‘000)	HK\$’000	RMB’000
As at 1 July 2022, 30 June 2023, 1 July 2023 and <b>31 December 2023</b>	3,295,582	329,558	333,149

## 14. COMMITMENTS

### (a) Capital commitments

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

### (b) Operating lease commitments and arrangements

#### *As lessor*

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

	<b>31 December 2023 RMB’000</b>	30 June 2023 RMB’000
Within one year	<b>10,383</b>	9,348
In the second to fifth years, inclusive	<b>19,654</b>	21,468
After five years	<b>9,125</b>	7,774
<b>Total</b>	<b>39,162</b>	38,590

## 15. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the board of Directors on 28 February 2024.

# Management Discussion and Analysis

## FINANCIAL REVIEW

During the current financial period under review, the Group recorded a revenue of RMB39 million, representing a drop of approximately 14% as compared to RMB46 million for the same period ended last year. As the pandemic eased and the border reopened, the number of local residents that travel abroad soared. On the other hand, the number of tourist arrivals has yet returned to pre-pandemic levels. The abovesaid factors resulting in the continued sluggish performance of the local sales. The Group achieved gross profit of RMB12 million, while gross profit RMB13 million in the same period ended last year.

During the financial period under review, selling and distribution expenses decreased from RMB5 million to RMB4 million, which is in line with the drop of sales volume and revenue. General and administrative expenses increased by 23% to RMB21 million.

As a result of the above, during the financial period under review, the loss from operations of the Group amounted to RMB5 million (31 December 2022: RMB1 million) as well as loss for the period attributable to owners of the Company amounted to RMB6 million (31 December 2022: RMB4 million).

## INDUSTRY OUTLOOK

At the beginning of 2024, the Central Committee of the Communist Party of China and the State Council released the 2024 “No.1 Document” focusing on the agricultural industry for twenty one consecutive years. The document propose a “road map” to effectively promote comprehensive rural revitalization..

The paper entitled Opinions of the Central Committee of the Communist Party of China and the State Council on learning and applying the experience of the “Green Rural Revival Programme” to effectively promote the comprehensive revitalization of rural areas. The full text has six parts, including: ensuring national food security, ensuring that large-scale return to poverty does not occur, improve the level of rural industrial development, improve the level of rural construction, improve the level of rural governance, and strengthen the Party’s overall leadership over “Agriculture, Rural Areas and Rural People”.

The paper points out that to promote Chinese-style modernization, we must persist in consolidating the agricultural foundation and promote comprehensive rural revitalization. It is necessary to learn and apply the development concepts, working methods and promotion mechanisms contained in “Green Rural Revival Programme”, “Agriculture, Rural Areas and Rural People” take the promotion of comprehensive rural revitalization as the general starting point of the work in the new era and new journey, and adhere to the people-centered development thinking, implement the new development concept completely, accurately and comprehensively, implement measures according to local conditions and categories, proceed step by step and achieve long-term results, concentrate on accomplishing a number of practical things that are accessible to the people, and continuously achieve substantive achievements progress and phased results.

The paper proposes to ensure national food security and prevent large-scale return to poverty as the bottom line, focus on improving the level of rural industry development, rural construction, and rural governance, strengthen the science and technology and reform two-wheel drive, and strengthen measures to increase farmers’ income, fight a good fight for comprehensive revitalization of rural areas and draw a new picture of livable, industrial and beautiful countryside to accelerate agricultural and rural modernization and better promote Chinese-style modernization.

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

# Management Discussion and Analysis

## FUTURE OUTLOOK

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

In the future, the Group will focus on the digitalization of agricultural production, promote the Group's self-developed smart farm management system, and participate in the construction of the local government's agricultural big data platform, laying a solid foundation for the development of Chaoda's new business model.

The Group will keep a close eye on the industry trends and move quickly to allocate our resources on the businesses that will better position ourselves to capture growth opportunities when the business sentiment improves. The Group will also take a prudent approach to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, cash and cash equivalents of the Group amounted to RMB106 million (30 June 2023: RMB109 million), which includes RMB17 million restricted bank balance (30 June 2023: RMB17 million). In addition, the Group has no secured banking facilities (30 June 2023: Nil).

As at 31 December 2023, the total equity of the Group (including non-controlling interests) amounted to RMB204 million (30 June 2023: RMB209 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 31 December 2023 and 30 June 2023, the debt to equity ratio (bank loans over total equity) of the Group was nil. The current ratio (dividing total current assets by total current liabilities) was approximately 4 times (30 June 2023: 4 times).

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

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

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

# Management Discussion and Analysis

## SIGNIFICANT INVESTMENTS

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

## MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

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

## CHARGE ON ASSETS

As at 31 December 2023 and 30 June 2023, the Group did not charge any of its assets to any bank or other financial institutions.

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2023 and 30 June 2023.

## CAPITAL STRUCTURE

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

As at 31 December 2023, the Company has issued ordinary share capital of 3,295,582,491 shares. There was no change in the issued share capital of the Company during the financial period under review.

## HUMAN RESOURCES

As at 31 December 2023, the Group employed 94 employees.

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

# Other Information

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2023, the interests and short position of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long positions in shares of the Company

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

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

### Long positions in underlying shares of the Company

Name of directors	Grant date	Exercisable period		Exercise price HK\$	Balance as at 01/07/2023	Number of share options		Balance as at 31/12/2023
		Starting	Ending			Granted	Lapsed	
Mr. Kuang Qiao	13/07/2016	13/07/2016	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2017	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2018	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2019	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2020	to 12/07/2026	0.187	2,000,000	—	—	2,000,000

## Other Information

Name of directors	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2023	During the financial period under review		Balance as at 31/12/2023
						Granted	Lapsed	
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2017	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2018	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2019	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2020	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000
Mr. Tam Ching Ho	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000
Professor Lin Shun Quan	13/07/2016	13/07/2016	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2017	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2018	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2019	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2020	to 12/07/2026	0.187	100,000	—	—	100,000

## Other Information

Save as disclosed above, as at 31 December 2023, none of the directors and chief executives of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which has been recorded in the register maintained by the Company under Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

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

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2023, the following parties (not being directors or chief executives of the Company) were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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

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

## Other Information

### SHARE OPTION SCHEME

#### The 2015 Share Option Scheme

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

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

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2023	During the financial period under review		Balance as at 31/12/2023
						Exercised	Lapsed	
<b>Directors</b>								
Mr. Kuang Qiao	13/07/2016	13/07/2016	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2017	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2018	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2019	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
		13/07/2020	to 12/07/2026	0.187	2,000,000	—	—	2,000,000
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2017	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2018	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2019	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
		13/07/2020	to 12/07/2026	0.187	1,200,000	—	—	1,200,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000

## Other Information

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2023	During the financial period under review		Balance as at 31/12/2023
						Exercised	Lapsed	
Mr. Tam Ching Ho	13/07/2016	13/07/2016	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2017	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2018	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2019	to 12/07/2026	0.187	600,000	—	—	600,000
		13/07/2020	to 12/07/2026	0.187	600,000	—	—	600,000
Professor Lin Shun Quan	13/07/2016	13/07/2016	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2017	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2018	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2019	to 12/07/2026	0.187	100,000	—	—	100,000
		13/07/2020	to 12/07/2026	0.187	100,000	—	—	100,000
<b>Employees</b>								
in aggregate	13/07/2016	13/07/2016	to 12/07/2026	0.187	33,766,000	—	(120,000)	33,646,000
		13/07/2017	to 12/07/2026	0.187	33,766,000	—	(120,000)	33,646,000
		13/07/2018	to 12/07/2026	0.187	33,766,000	—	(120,000)	33,646,000
		13/07/2019	to 12/07/2026	0.187	33,766,000	—	(120,000)	33,646,000
		13/07/2020	to 12/07/2026	0.187	33,766,000	—	(120,000)	33,646,000
<b>Other Participants</b>								
in aggregate	13/07/2016	13/07/2016	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2017	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2018	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2019	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
		13/07/2020	to 12/07/2026	0.187	10,100,000	—	—	10,100,000
<b>Total</b>								
					241,830,000	—	(600,000)	241,230,000

## Other Information

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the Interim Financial Report.

### CORPORATE GOVERNANCE

The Board recognises that good corporate governance will not only safeguard the interests and assets of the Company and deliver long-term return to our shareholders, but will also lay a good foundation for sustainable growth of the Company. During the six months ended 31 December 2023, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation stated below:

#### Code provision C.2.1 of the CG Code

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

#### Code provision F.2.2 of the CG Code

Under code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Kwok Ho, the chairman of the Board, was absent from the annual general meeting held on 15 December 2023 due to the business engagement. Mr. Ip Chi Ming, a non-executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 31 December 2023.

On behalf of the Board  
**Kwok Ho**  
Chairman

Hong Kong, 28 February 2024