



# CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

( Stock Code: 682 )

## INTERIM REPORT 2017/18





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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 2017 and the consolidated statement of financial position of the Group as at 31 December 2017, together with the explanatory notes, are unaudited and condensed, which have been reviewed by the Company's Audit Committee and the Company's auditors, Elite Partners CPA Limited.

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

For the six months ended 31 December 2017 – Unaudited

	Notes	Six months ended 31 December	
		2017 RMB'000	2016 RMB'000
Revenue	3	159,530	519,796
Cost of sales		(210,831)	(713,703)
<b>Gross loss</b>		<b>(51,301)</b>	(193,907)
Other revenues		33,196	30,084
Loss arising from changes in fair value less costs to sell of biological assets	12	(1,017)	(78,374)
Selling and distribution expenses		(41,159)	(108,204)
General and administrative expenses		(70,081)	(60,218)
Research expenses		(1,831)	(3,819)
Other operating expenses	5	(525,149)	(1,327,267)
<b>Loss from operations</b>		<b>(657,342)</b>	(1,741,705)
Finance costs	6(a)	(24)	(35)
Share of results of associates		–	(147)
Gain on disposal of subsidiaries	20	1,881	–
<b>Loss before income tax</b>	6	<b>(655,485)</b>	(1,741,887)
Income tax expense	7	–	–
<b>Loss for the period</b>		<b>(655,485)</b>	(1,741,887)
<b>Other comprehensive income/(expense), including reclassification adjustments and net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange (loss)/gain on translation of financial statements of foreign operations		(2,903)	3,650
<b>Other comprehensive income/(expense) for the period, including reclassification adjustments and net of income tax</b>		<b>(2,903)</b>	3,650
<b>Total comprehensive expense for the period</b>		<b>(658,388)</b>	(1,738,237)

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

For the six months ended 31 December 2017 – Unaudited

	Notes	Six months ended 31 December	
		2017 RMB'000	2016 RMB'000
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(655,410)</b>	(1,743,207)
Non-controlling interests		<b>(75)</b>	1,320
		<b>(655,485)</b>	(1,741,887)
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		<b>(658,981)</b>	(1,738,775)
Non-controlling interests		<b>593</b>	538
		<b>(658,388)</b>	(1,738,237)
<b>Loss per share for loss attributable to the owners of the Company during the period</b>			
– Basic	9(a)	<b>RMB(0.20)</b>	RMB(0.53)
– Diluted	9(b)	<b>RMB(0.20)</b>	RMB(0.53)

# Condensed Consolidated Statement of Financial Position

As at 31 December 2017 – Unaudited

	Notes	31 December 2017 RMB'000	30 June 2017 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	87,908	553,438
Investment properties		76,623	78,606
Prepaid premium for land leases	11	37,856	159,937
Biological assets	12	13,701	15,606
Deferred expenditure		1,198	30,227
Interests in associates	13	5,757	6,122
		<b>223,043</b>	843,936
<b>Current assets</b>			
Prepaid premium for land leases	11	4,437	12,184
Biological assets	12	4,288	58,272
Inventories		1,187	1,050
Trade receivables	14	18,555	19,056
Other receivables, deposits and prepayments		35,538	162,795
Cash and cash equivalents		163,642	185,570
		<b>227,647</b>	438,927
<b>Current liabilities</b>			
Trade payables	15	2,112	1,674
Other payables and accruals		48,603	226,456
		<b>50,715</b>	228,130
<b>Net current assets</b>		<b>176,932</b>	210,797
<b>Total assets less current liabilities</b>		<b>399,975</b>	1,054,733
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	20,655	20,655
<b>Net assets</b>		<b>379,320</b>	1,034,078

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

As at 31 December 2017 – Unaudited



	Notes	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	18	<b>332,926</b>	332,926
Reserves		<b>43,185</b>	698,536
		<b>376,111</b>	1,031,462
<b>Non-controlling interests</b>		<b>3,209</b>	2,616
<b>Total equity</b>		<b>379,320</b>	1,034,078



# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2017 – Unaudited

	Six months ended 31 December	
	2017 RMB'000	2016 RMB'000
Net cash (used in)/generated from operating activities	(15,848)	57,763
Net cash used in investing activities	(3,249)	(43,133)
Net cash generated from financing activities	–	260
Net (decrease)/increase in cash and cash equivalents	(19,097)	14,890
Cash and cash equivalents at beginning of the period	185,570	204,443
Effect of foreign exchange rate changes, net	(2,831)	3,420
<b>Cash and cash equivalents at end of the period</b>	<b>163,642</b>	<b>222,753</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017 – Unaudited



	Attributable to the owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>Six months ended 31 December 2016</b>											
<b>At 1 July 2016</b>	332,787	5,968,860	94,894	203,780	5,247	(226,387)	688,059	(2,810,290)	4,256,950	1,722	4,258,672
Employee share option benefits	-	-	-	12,003	-	-	-	-	12,003	-	12,003
Shares issued under share option scheme	139	268	-	(147)	-	-	-	-	260	-	260
Transactions with owners	139	268	-	11,856	-	-	-	-	12,263	-	12,263
Loss for the period	-	-	-	-	-	-	-	(1,743,207)	(1,743,207)	1,320	(1,741,887)
<b>Other comprehensive (expense)/income for the period</b>											
- Currency translation differences	-	-	-	-	-	4,432	-	-	4,432	(782)	3,650
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	-	-	4,432	-	(1,743,207)	(1,738,775)	538	(1,738,237)
Lapse of share options	-	-	-	(41,872)	-	-	-	41,872	-	-	-
<b>At 31 December 2016 (Unaudited)</b>	332,926	5,969,128	94,894	173,764	5,247	(221,955)	688,059	(4,511,625)	2,530,438	2,260	2,532,698

# Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 31 December 2017 – Unaudited

	Attributable to the owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
<b>Six months ended 31 December 2017</b>											
At 1 July 2017	332,926	5,969,128	94,894	180,318	5,247	(224,458)	686,370	(6,012,963)	1,031,462	2,616	1,034,078
Employee share option benefits	-	-	-	3,630	-	-	-	-	3,630	-	3,630
Transactions with owners	-	-	-	3,630	-	-	-	-	3,630	-	3,630
Loss for the period	-	-	-	-	-	-	-	(655,410)	(655,410)	(75)	(655,485)
<b>Other comprehensive (expense)/income for the period</b>											
- Currency translation differences	-	-	-	-	-	(3,571)	-	-	(3,571)	668	(2,903)
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	-	-	(3,571)	-	(655,410)	(658,981)	593	(658,388)
<b>At 31 December 2017 (Unaudited)</b>	<b>332,926</b>	<b>5,969,128</b>	<b>94,894</b>	<b>183,948</b>	<b>5,247</b>	<b>(228,029)</b>	<b>686,370</b>	<b>(6,668,373)</b>	<b>376,111</b>	<b>3,209</b>	<b>379,320</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2017 – 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 2017 (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 2017 (the “2017 Annual Financial Statements”).

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2017 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. ADOPTION OF NEW, AMENDED OR REVISED HKFRSs

In the current interim period, the Group has applied, for the first time, all the new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s condensed consolidated financial statements for the annual period beginning on 1 July 2017. Except as described below, the application of the new HKFRSs in the current interim period has had no material effect on the amounts reported in the Interim Financial Report and/or disclosures set out in the Interim Financial Report.

The Group has not early adopted certain new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Report but are not yet effective. The directors of the Company (the “Directors”) anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the period beginning after the effective date of the pronouncements. The Directors are also currently assessing the impact of these new standards, amendments to standards and interpretations but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.



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

For the six months ended 31 December 2017 – Unaudited

### 3. REVENUE

The principal activities of the Group are the growing and sales of crops, and the breeding and sales of livestock.

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

	Six months ended 31 December	
	2017 RMB'000	2016 RMB'000
Sales of crops	158,150	517,132
Sales of livestock	1,380	2,664
	<b>159,530</b>	519,796

### 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 2017 and 2016 were mainly derived from its growing and 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.

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

For the six months ended 31 December 2017 – Unaudited



## 4. SEGMENT INFORMATION *(Continued)*

The Group's revenue from external customers by geographical location of customers is detailed below:

	<b>Six months ended 31 December</b>	
	<b>2017</b> <b>RMB'000</b>	2016 RMB'000
The PRC (country of domicile)	<b>119,075</b>	475,992
Hong Kong	<b>40,378</b>	43,698
Other	<b>77</b>	106
	<b>159,530</b>	519,796

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:

	<b>Six months ended 31 December</b>	
	<b>2017</b> <b>RMB'000</b>	2016 RMB'000
Customer A	<b>19,455</b>	28,588
Customer B	<b>19,138</b>	29,161
Customer C	<b>17,155</b>	29,780

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

For the six months ended 31 December 2017 – Unaudited

## 5. OTHER OPERATING EXPENSES

	Six months ended 31 December	
	2017 RMB'000	2016 RMB'000
Impairment loss on prepaid premium for land leases	–	279,164
Impairment loss on property, plant and equipment	–	808,267
Loss on early termination of prepaid premium for land leases	<b>24,978</b>	–
Loss on disposals/write off of property, plant and equipment	<b>408,330</b>	–
Impairment loss on biological assets	–	76,821
Deferred expenditure write off	<b>23,443</b>	57,955
Others	<b>68,398</b>	105,060
	<b>525,149</b>	1,327,267

## 6. LOSS BEFORE INCOME TAX

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

### (a) Finance costs

	Six months ended 31 December	
	2017 RMB'000	2016 RMB'000
Bank and finance charges	<b>24</b>	18
Interest on bank loans wholly repayable within five years	–	17
	<b>24</b>	35

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

For the six months ended 31 December 2017 – Unaudited



## 6. LOSS BEFORE INCOME TAX *(Continued)*

### (b) Staff costs

	Six months ended 31 December	
	2017 RMB'000	2016 RMB'000
Salaries, wages and other benefits	144,131	286,232
Employee share option benefits	3,630	12,003
Retirement benefit costs	2,143	2,444
	<b>149,904</b>	300,679

### (c) Other items

	Six months ended 31 December	
	2017 RMB'000	2016 RMB'000
Interest income	(247)	(1,021)
Amortisation of deferred expenditure, net of amount capitalised	5,539	49,636
Amortisation of prepaid premium for land leases, net of amount capitalised	5,875	31,804
Cost of inventories sold	210,831	713,703
Depreciation of property, plant and equipment, net of amount capitalised	61,283	178,694
Depreciation of investment properties	1,983	1,983
Operating lease expense in respect of land and buildings	26,724	65,071



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

For the six months ended 31 December 2017 – Unaudited

### 7. INCOME TAX EXPENSE

- (a) No provision for the PRC enterprise income tax has been made in the condensed consolidated financial statements for six months ended 31 December 2017 and 2016 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. Fujian Chaoda Modern Agriculture Group Company Limited, the Company’s principal subsidiary, and other PRC subsidiaries engaged in qualifying agricultural business, which include the growing and sales of crops and the breeding and sales of livestock, 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 2017 and 2016.

- (b) No provision for Hong Kong profits tax has been made as the Company and its subsidiaries operating in Hong Kong either do not derive material estimated assessable profits or have unused tax losses brought forward to offset against the current period’s estimated assessable profits for the six months ended 31 December 2017 and 2016.

### 8. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2017 and 2016.

### 9. 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 RMB655,410,000 (Six months ended 31 December 2016: RMB1,743,207,000) and the weighted average number of 3,292,902,000 (Six months ended 31 December 2016: 3,291,798,000) 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 RMB655,410,000 (Six months ended 31 December 2016: RMB1,743,207,000) and the weighted average number of 3,292,902,000 (Six months ended 31 December 2016: 3,291,798,000) 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 2017 and 2016.

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

For the six months ended 31 December 2017 – Unaudited



## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
Net book value at 1 July 2017/1 July 2016 (Audited)	<b>553,438</b>	2,108,972
Additions	<b>4,892</b>	31,636
Transfer from construction-in-progress	–	27,545
Disposals/write off (note (a))	<b>(408,520)</b>	(371,019)
Depreciation charges	<b>(61,814)</b>	(277,073)
Disposal of subsidiaries	<b>(16)</b>	(11,235)
Impairment loss (note (b))	–	(955,450)
Exchange realignment	<b>(72)</b>	62
<b>Net book value as at 31 December 2017/30 June 2017</b>	<b>87,908</b>	553,438

Notes:

- (a) During the six months ended 31 December 2017, loss on disposal/write off of approximately RMB408,330,000 due to the early termination of certain farmland areas (During the year ended 30 June 2017: RMB371,019,000).
- (b) During the year ended 30 June 2017, an impairment loss of approximately RMB808,267,000 was recognised during the period ended 31 December 2016 to impair the carrying amount of certain farmland infrastructures of subsidiaries engaged in the growing and sales of crops due to the plan of early termination of certain farmland areas. Subsequent, those farmland areas were fully terminated. In addition, due to the integration of resources to the Group's core business, an impairment loss of approximately RMB147,183,000 was recognised to impair the carrying amount of property, plant and equipment of a subsidiary engaged in the breeding and sales of livestock.

# Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2017 – Unaudited

## 11. PREPAID PREMIUM FOR LAND LEASES

	Long-term prepaid rentals RMB'000	Land use rights RMB'000	Total RMB'000
<b>Cost</b>			
At 1 July 2016	1,979,801	127,970	2,107,771
Early termination of leases	(1,369,178)	–	(1,369,178)
Exchange realignment	12,550	–	12,550
At 30 June 2017 and 1 July 2017	623,173	127,970	751,143
Early termination of leases/write off	(210,073)	(2,335)	(212,408)
Exchange realignment	(1,890)	–	(1,890)
<b>At 31 December 2017</b>	<b>411,210</b>	<b>125,635</b>	<b>536,845</b>
<b>Accumulated amortisation and impairment loss</b>			
At 1 July 2016	952,364	59,904	1,012,268
Amortisation for the year	40,060	4,842	44,902
Early termination of leases	(975,175)	–	(975,175)
Impairment loss (note)	460,097	24,380	484,477
Exchange realignment	12,550	–	12,550
At 30 June 2017 and 1 July 2017	489,896	89,126	579,022
Amortisation for the period	4,003	2,090	6,093
Early termination of leases/write off	(86,338)	(2,335)	(88,673)
Exchange realignment	(1,890)	–	(1,890)
<b>At 31 December 2017</b>	<b>405,671</b>	<b>88,881</b>	<b>494,552</b>
<b>Net carrying value as at 31 December 2017</b>	<b>5,539</b>	<b>36,754</b>	<b>42,293</b>
Net carrying value as at 30 June 2017	133,277	38,844	172,121

# Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2017 – Unaudited



## 11. PREPAID PREMIUM FOR LAND LEASES (Continued)

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
Non-current portion	<b>37,856</b>	159,937
Current portion	<b>4,437</b>	12,184
Net carrying value	<b>42,293</b>	172,121

The Group's interests in long-term prepaid rentals and land use rights represent the prepaid operating leases payments and their net carrying values are analysed as follows:

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
Outside Hong Kong held on:		
– Leases of over 50 years	–	–
– Leases of between 10 to 50 years	<b>42,293</b>	172,121
	<b>42,293</b>	172,121

Note:

As of the period ended 31 December 2016, an impairment loss of approximately RMB279,164,000 was recognised to impair the carrying amount of certain long-term prepaid rentals of subsidiaries engaged in the growing and sales of crops due to the early termination of certain farmlands areas. Subsequently, as of the year ended 30 June 2017, those farmland areas were fully terminated. In addition, due to the integration of resources to the Group's core business, an impairment loss of approximately RMB205,313,000 was recognised to impair the carrying amount of certain long-term prepaid rentals and land use right of a subsidiary engaged in the breeding and sales of livestock.

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

For the six months ended 31 December 2017 – Unaudited

## 12. BIOLOGICAL ASSETS

	Fruit RMB'000	Livestock RMB'000	Vegetables RMB'000	Total RMB'000
At 1 July 2016 (Audited)	–	22,094	284,326	306,420
Additions	235,859	57,730	783,140	1,076,729
Decrease due to harvest or sales	(64,529)	(53,525)	(955,938)	(1,073,992)
Write off	(171,330)	–	–	(171,330)
Loss arising from changes in fair value less costs to sell	–	(10,693)	(53,256)	(63,949)
At 30 June 2017	–	15,606	58,272	73,878
Additions	–	2,681	127,763	130,444
Decrease due to harvest or sales	–	(2,563)	(182,753)	(185,316)
Gain/(Loss) arising from changes in fair value less costs to sell	–	(2,023)	1,006	(1,017)
<b>At 31 December 2017</b>	<b>–</b>	<b>13,701</b>	<b>4,288</b>	<b>17,989</b>

Biological assets as at 31 December 2017 and 30 June 2017 are stated at fair values less costs to sell and are analysed as follows:

	Livestock RMB'000	Vegetables RMB'000	31 December 2017 Total RMB'000	30 June 2017 Total RMB'000
Non-current portion	13,701	–	13,701	15,606
Current portion	–	4,288	4,288	58,272
	<b>13,701</b>	<b>4,288</b>	<b>17,989</b>	<b>73,878</b>

The fair values of livestock and vegetables are determined by the Directors with reference to the methodologies and assumptions adopted in the valuation for the year ended 30 June 2017.

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

For the six months ended 31 December 2017 – Unaudited



### 13. INTERESTS IN ASSOCIATES

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
Share of net assets	<b>5,757</b>	5,757
Amount due from an associate	–	365
	<b>5,757</b>	6,122

Amount due from an associate is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the Directors, the balance due is considered as non-current as the settlement of the amount due is neither planned nor likely to occur in the foreseeable future.

### 14. 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 doubtful debts) is as follows:

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
0-1 month	<b>7,912</b>	12,322
1-3 months	<b>7,371</b>	6,410
Over 3 months	<b>3,272</b>	324
	<b>18,555</b>	19,056



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

For the six months ended 31 December 2017 – Unaudited

### 15. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
0-1 month	<b>2,051</b>	1,488
1-3 months	<b>1</b>	1
Over 3 months	<b>60</b>	185
	<b>2,112</b>	1,674

### 16. BANKING FACILITIES

As at 31 December 2017, the Group has unsecured banking facilities totaling RMB400,000,000. None of the banking facilities has been utilized (30 June 2017: RMB400,000,000).

### 17. DEFERRED TAX LIABILITIES

Under the PRC Tax Law, 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. Pursuant to the grandfathering treatments of the PRC Tax Law, dividends receivable by the Group from its PRC subsidiaries in respect of its undistributed retained earnings prior to 31 December 2007 are exempt from the withholding tax.

At 31 December 2017 and 30 June 2017, deferred tax liabilities of approximately RMB20,655,000 were recognised in respect of the undistributed retained earnings of the PRC subsidiaries. No temporary differences associated with the PRC subsidiaries' undistributed retained earnings for which deferred tax liabilities have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these PRC subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

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

For the six months ended 31 December 2017 – Unaudited



## 18. SHARE CAPITAL

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

	No. of shares (‘000)	HK\$’000	RMB’000
At 1 July 2016, 30 June 2017 and <b>31 December 2017</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
At 1 July 2016	3,291,302	329,130	332,787
Shares issued under share option scheme	1,600	160	139
<b>At 30 June 2017 and 31 December 2017</b>	<b>3,292,902</b>	<b>329,290</b>	<b>332,926</b>

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

For the six months ended 31 December 2017 – Unaudited

## 19. 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 lessee*

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

	<b>31 December 2017 RMB'000</b>	30 June 2017 RMB'000
Within one year	<b>6,335</b>	45,634
In the second to fifth years, inclusive	<b>16,001</b>	174,568
After five years	<b>16,892</b>	489,458
<b>Total</b>	<b>39,228</b>	709,660

#### *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 2017 RMB'000</b>	30 June 2017 RMB'000
Within one year	<b>10,526</b>	12,673
In the second to fifth years, inclusive	<b>14,398</b>	30,142
After five years	<b>10,935</b>	8,226
<b>Total</b>	<b>35,859</b>	51,041

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

For the six months ended 31 December 2017 – Unaudited



### 20. DISPOSAL OF SUBSIDIARIES

During the six months ended 31 December 2017, the Group disposed of certain indirect wholly-owned subsidiaries which did not principally affect the results for the period or formed a substantial portion of the net assets of the Group, at aggregate considerations of RMB2,000,000, settled in cash. The net assets of those subsidiaries on date of disposal were as follows:

	RMB'000
Property, plant and equipment	16
Inventories	2
Trade receivables	1,033
Other receivables, deposits and prepayments	46
Cash and cash equivalents	547
Trade payables	(927)
Other payables and accruals	(598)
Net assets disposed of	119
Cash consideration	2,000
Net assets disposed of	(119)
	1,881

### 21. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the board of Directors on 28 February 2018.

# Management Discussion and Analysis

## FINANCIAL REVIEW

During the financial period under review, the Group recorded a revenue of RMB160 million, representing a drop of approximately 69% as compared to RMB520 million for the same period ended last year. The sales volume of produce was 64,961 tonnes (31 December 2016: 238,362 tonnes). The drop in revenue was mainly due to the decrease in the production base areas. The average selling price of the produce sold in the China markets decreased from RMB1.99 per kilogram to RMB1.83 per kilogram. The gross loss was decreased by approximately 74% to RMB51 million as compared to the same period ended last year.

During the financial period under review, selling and distribution expenses decreased from RMB108 million to RMB41 million as a result of the drop in revenue. General and administrative expenses increased by 16% to RMB70 million. Other operating expenses amounted to RMB525 million (31 December 2016: RMB1,327 million) consisting mainly of:

- (i) loss on early termination of prepaid premium for land leases amounted to RMB25 million; and
- (ii) loss on disposals/write off of property, plant and equipment amounted to RMB408 million.

Such losses were mainly due to the early termination of the leases of certain farmlands as a result of the integration of resources of the Group and the persisting challenges in the operating environment. The management of the Company considered it strategically and commercially desirable for the Group to take steps to downsize the scale, and ultimately reduce the overall costs, of crop production by early termination of the leases of certain farmlands. The below table sets forth the location of land, approximate land area and approximately loss on early termination of prepaid premium for land leases:

Location of land	Nature	Land area in mu	RMB in millions
Hubei Province	Crops	18,300	11
Jiangsu Province	Crops	28,600	6
Fujian Province	Crops	11,850	8
Total:			25

Accordingly, loss on disposals/write off of property, plant and equipment amounted to RMB408 million, being the farmland infrastructure, consisting mainly of:

- roads, ditches and land construction works of approximately RMB117 million;
- green house facilities of approximately RMB161 million;
- irrigation facilities system of approximately RMB86 million; and
- electricity and power facilities of approximately RMB16 million.

## Management Discussion and Analysis



As a result of the above, during the financial period under review, the loss from operations of the Group amounted to RMB657 million (31 December 2016: RMB1,742 million) as well as loss for the period attributable to owners of the Company amounted to RMB655 million (31 December 2016: RMB1,743 million).

### AGRICULTURAL LAND

As at 31 December 2017, the production area of the Group's core business amounted to 2,570 mu (171 hectares) (31 December 2016: 333,559 mu (22,237 hectares)), while 65,647 mu (4,376 hectares) was recorded as at 30 June 2017. Such decrease was mainly attributable to the early termination of certain leasehold farmlands.

As at 31 December 2017, the weighted average production area for vegetables amounted to 53,612 mu (3,574 hectares) (31 December 2016: 225,685 mu (15,046 hectares)), while 188,530 mu (12,569 hectares) was recorded as at 30 June 2017.

### BUSINESS OVERVIEW

In 2017, the Central Committee of the Communist Party of China and the State Council released the "Number One Document", which highlights "the in-depth implementation of supply-side structural reform in agriculture and accelerating the cultivation of new growth drivers". Under which, the product and industry structure will be optimised so as to further enhance the quality and efficiency. Meanwhile, green production is promoted, technological innovation is emphasised and new growth momentum is nurtured to support sustainable agricultural development. Adhering to the policy, Chaoda captured the opportunities and speed up the adjustment. On one hand, it further integrated resources, enhanced its ability in market exploration. On the other hand, it leveraged the professional team and strengthened exchanges and communication with relevant research institutions and higher education institutions to improve innovative capability and scientific strength. At the same time, it actively explored and tested the feasibility of certain business models and strategies in business development, so that the Company will be well positioned and properly prepared to overcome the prevailing difficult operating environment.

Chaoda also adhered to the green development concept and promoted green production, attaching great importance to soil protection and rural ecological environment. Chaoda has always taken food safety as the lifeline and built a trackable quality control system. It adopted physical control and biological control measures, together with measures such as paddy-upland rotation, rice and vegetable rotation and water-saving sprinkler irrigation system to ensure soil fertility and maintain ecological environment. By adopting production methods that followed the rules of nature and preserved the environment, Chaoda strived to achieve economic benefits, ecological benefits and social benefits all at the same time.

### OUTLOOK

At the beginning of 2018, the Central Committee of the Communist Party of China and State Council issued the Number One Document “The Opinion of the Central Committee of the CPC and the State Council on the Implementation of Rural Village Development Strategy”, which expressly called for the full implementation of the development strategy for rural villages. Chaoda’s future development is expected to be benefited from the great opportunities brought by the implementation. Looking forward, Chaoda will take initiatives to pursue reform and innovation with the view of meeting the new economic and industry development trends.

In order to adapt to the industry development trend and better utilise the resources of the Group, the Company will place more efforts in studying and testing certain operation strategies and models that facilitate business development. On the agricultural supply-side structural reform, it will take into account a combination of features in the rural development reality, agricultural industry and its own advantages to further explore innovation in a new partnership business model where elements including land, capital, technology, brand and information are fully integrated and allocated in a scientific manner. The Company will also orderly coordinate the sales and production of agricultural products by using big data, considerably increase the base production and market expansion capability, and enhance the overall operation efficiency and economies of scales of the Company. It is believed that the successful implementation of the strategies will create a win-win situation.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, cash and cash equivalents of the Group amounted to RMB164 million (30 June 2017: RMB186 million). In addition, the Group has unsecured banking facilities totaling RMB400 million which has not been utilised (30 June 2017: RMB400 million).

As at 31 December 2017, the total equity of the Group (including non-controlling interests) amounted to RMB379 million (30 June 2017: RMB1,034 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 31 December 2017 and 30 June 2017, 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 4.5 times (30 June 2017: 1.9 times).

As at 31 December 2017, the Group did not have a concrete plan for material investments or acquisition of capital assets. The Group continues to exercise prudent financial management disciplines and to maintain conservative cash flow management so as to keep its debt-to-equity ratio at low level. The Group believes such measures will be able to meet the future working capital requirements.

The Group did not have any material contingent liabilities as at 31 December 2017 and 30 June 2017.



## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

The business operations of the Group's subsidiaries were mainly conducted in the PRC with revenues and expenses of the Group's subsidiaries denominated in Renminbi. As at the date of this report, the board of directors of the Company (the "Board") considers that the Group's risk exposure to foreign exchange rate fluctuation remained minimal. The Group would closely monitor the volatility of the currency exchange rate and adopt appropriate measures, should the needs arise.

During the financial period under review, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

## CHARGE ON ASSETS

As at 31 December 2017 and 30 June 2017, the Group did not charge any of its assets.

## CAPITAL STRUCTURE

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

As at 31 December 2017, the Company has issued ordinary share capital of 3,292,902,491 shares and there was no change in the issued share capital of the Company during the financial period under review.

## HUMAN RESOURCES

As at 31 December 2017, the Group employed approximately 3,850 employees, of which 3,420 were farmlands workers.

Remuneration of employees is reviewed annually to maintain at a competitive level. The Group also makes reference to the labour market and economic condition. Other benefits including but not limited to pension, insurance, education, subsidies and training programmes are provided to the employees as well.

# Other Information

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2017, 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	19.59%
	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 01/07/2017	Number of share options		Balance as at 31/12/2017
		Starting	Ending			During the financial period under review	Lapsed	
Mr. Kuang Qiao	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	-	-	2,000,000
	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. Yang Gang	26/11/2010	26/11/2010	to 25/11/2020	6.430	200,000	-	-	200,000
	13/07/2016	13/07/2016	to 12/07/2026	0.187	800,000	-	-	800,000
		13/07/2017	to 12/07/2026	0.187	800,000	-	-	800,000
		13/07/2018	to 12/07/2026	0.187	800,000	-	-	800,000
		13/07/2019	to 12/07/2026	0.187	800,000	-	-	800,000
		13/07/2020	to 12/07/2026	0.187	800,000	-	-	800,000

## Other Information



Name of directors	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2017	During the financial period under review		Balance as at 31/12/2017
						Grant	Lapsed	
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	-	-	2,000,000
	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	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	-	-	750,000
	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	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	-	-	750,000
	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
Mr. Chan Yik Pun	13/07/2016	13/07/2016	to 12/07/2026	0.187	400,000	-	-	400,000
		13/07/2017	to 12/07/2026	0.187	400,000	-	-	400,000
		13/07/2018	to 12/07/2026	0.187	400,000	-	-	400,000
		13/07/2019	to 12/07/2026	0.187	400,000	-	-	400,000
		13/07/2020	to 12/07/2026	0.187	400,000	-	-	400,000

Save as disclosed above, as at 31 December 2017, none of the directors, 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 2017, the following party (not being directors or chief executives of the Company) was 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	19.53%

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.

### SHARE OPTION SCHEME

#### The 2002 Share Option Scheme

The share option scheme (the "2002 Share Option Scheme") adopted by the Company on 19 June 2002 (the "Adoption Date") was expired at the tenth anniversary of the Adoption Date on 18 June 2012. No further share options could be granted under the 2002 Share Option Scheme consequent upon its expiration. The 2002 Share Option Scheme will remain in force to the extent necessary to give effect to the exercise of the options previously granted thereunder. Subject to the exercise periods, all share options granted before the expiration of the 2002 Share Option Scheme and yet to be exercised remain valid. The principal terms of the 2002 Share Option Scheme were set out in the 2015/2016 annual report of the Company.

During the financial period under review, details of movements of the outstanding share options granted under the 2002 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 01/07/2017	Lapsed during the financial period under review	Balance as at 31/12/2017
<b>Directors</b>							
Mr. Kuang Qiao	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Yang Gang	26/11/2010	26/11/2010	to 25/11/2020	6.430	200,000	—	200,000
Mr. Ip Chi Ming	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,000,000	—	2,000,000
Mr. Fung Chi Kin	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000
Mr. Tam Ching Ho	26/11/2010	26/11/2010	to 25/11/2020	6.430	750,000	—	750,000

## Other Information



Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options		
		Starting	Ending		Balance as at 01/07/2017	Lapsed during the financial period under review	Balance as at 31/12/2017
<b>Employees</b>							
in aggregate	24/10/2008	24/10/2008	to 23/10/2018	3.846	2,244,800	—	2,244,800
	24/10/2008	24/10/2009	to 23/10/2018	3.846	124,800	—	124,800
	24/10/2008	24/10/2010	to 23/10/2018	3.846	332,800	—	332,800
	24/10/2008	24/10/2011	to 23/10/2018	3.846	332,800	—	332,800
	24/10/2008	24/10/2012	to 23/10/2018	3.846	332,800	—	332,800
	26/11/2010	26/11/2010	to 25/11/2020	6.430	56,300,000	—	56,300,000
	26/11/2010	26/11/2011	to 25/11/2020	6.430	300,000	—	300,000
	26/11/2010	26/11/2012	to 25/11/2020	6.430	300,000	—	300,000
	26/11/2010	26/11/2013	to 25/11/2020	6.430	300,000	—	300,000
<b>Other Participants</b>							
in aggregate	26/11/2010	26/11/2010	to 25/11/2020	6.430	2,500,000	—	2,500,000
Total					68,768,000	—	68,768,000

Note: No share options have been granted or exercised or cancelled under the 2002 Share Option Scheme during the six months ended 31 December 2017.

### 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, a new share option scheme (the "2015 Share Option Scheme") was adopted. The principal terms of the 2015 Share Option Scheme were set out in the 2015/2016 annual report of the Company.

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

Category of participants	Grant date	Exercisable period		Exercise price HK\$	Balance as at 01/07/2017	Number of share options		Balance as at 31/12/2017
		Starting	Ending			Granted	Exercised	
<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. Yang Gang	13/07/2016	13/07/2016	to 12/07/2026	0.187	800,000	–	–	800,000
		13/07/2017	to 12/07/2026	0.187	800,000	–	–	800,000
		13/07/2018	to 12/07/2026	0.187	800,000	–	–	800,000
		13/07/2019	to 12/07/2026	0.187	800,000	–	–	800,000
		13/07/2020	to 12/07/2026	0.187	800,000	–	–	800,000
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
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
Mr. Chan Yik Pun	13/07/2016	13/07/2016	to 12/07/2026	0.187	400,000	–	–	400,000
		13/07/2017	to 12/07/2026	0.187	400,000	–	–	400,000
		13/07/2018	to 12/07/2026	0.187	400,000	–	–	400,000
		13/07/2019	to 12/07/2026	0.187	400,000	–	–	400,000
		13/07/2020	to 12/07/2026	0.187	400,000	–	–	400,000

## Other Information



Category of participants	Grant date	Exercisable period		Exercise price HK\$	Number of share options			
		Starting	Ending		Balance as at 01/07/2017	During the financial period under review Granted      Exercised	Balance as at 31/12/2017	
<b>Employees</b> in aggregate	13/07/2016	13/07/2016 to	12/07/2026	0.187	48,326,000	–	–	48,326,000
		13/07/2017 to	12/07/2026	0.187	49,926,000	–	–	49,926,000
		13/07/2018 to	12/07/2026	0.187	49,926,000	–	–	49,926,000
		13/07/2019 to	12/07/2026	0.187	49,926,000	–	–	49,926,000
		13/07/2020 to	12/07/2026	0.187	49,926,000	–	–	49,926,000
<b>Other Participants</b> in aggregate	13/07/2016	13/07/2016 to	12/07/2026	0.187	9,000,000	–	–	9,000,000
		13/07/2017 to	12/07/2026	0.187	9,000,000	–	–	9,000,000
		13/07/2018 to	12/07/2026	0.187	9,000,000	–	–	9,000,000
		13/07/2019 to	12/07/2026	0.187	9,000,000	–	–	9,000,000
		13/07/2020 to	12/07/2026	0.187	9,000,000	–	–	9,000,000
<b>Total</b>					<b>321,530,000</b>	<b>–</b>	<b>–</b>	<b>321,530,000</b>

Note: No share options have been granted or exercised or cancelled under the 2015 Share Option Scheme during the six months ended 31 December 2017

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2017, 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 Mr. Chan Yik Pun. 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 financial period under review, the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviation stated below:

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

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be segregated 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 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.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. All Directors, after specific enquiries made by the Company, confirmed that they had complied with the Model Code throughout the financial period under review.

On behalf of the Board

**Kwok Ho**  
*Chairman*

Hong Kong, 28 February 2018