CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

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

ANNUAL REPORT 2020/2021

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kwok Ho *(Chairman)*
Mr. Kuang Qiao

Non-executive Director

Mr. Ip Chi Ming

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Tam Ching Ho
Professor Lin Shun Quan

AUDIT COMMITTEE

Mr. Tam Ching Ho *(Chairman)*
Mr. Fung Chi Kin
Professor Lin Shun Quan

REMUNERATION COMMITTEE

Mr. Fung Chi Kin *(Chairman)*
Mr. Tam Ching Ho
Mr. Kuang Qiao

NOMINATION COMMITTEE

Mr. Fung Chi Kin *(Chairman)*
Mr. Kwok Ho
Mr. Kuang Qiao
Mr. Tam Ching Ho
Professor Lin Shun Quan

AUTHORISED REPRESENTATIVES

Mr. Kwok Ho
Mr. Ip Chi Ming

COMPANY SECRETARY

Mr. Yeung Man Chit

STOCK CODE

The Stock Exchange of Hong Kong Limited: 682

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants

PRINCIPAL BANKS

China CITIC Bank Corporation Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
China Minsheng Bank Corp., Ltd.
Agricultural Bank of China Limited
Bank of China Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room B, 21st Floor
Times Media Centre
133 Wan Chai Road
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE

http://www.chaoda.com.hk
http://www.irasia.com/listco/hk/chaoda

Chairman's Statement

I hereby present the annual results of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "Chaoda") for the financial year ended 30 June 2021 on behalf of the board of directors (the "Board") of the Company.

REVIEW

At the beginning of 2021, the central government released the "No. 1 document" (一號文件), "Opinions of the State Council on Comprehensively Pushing forward Rural Revitalization and Accelerating Modernization of Agriculture and Rural Areas", stated that "Three Rural Issues" should be well solved during the "14th Five-Year Plan" period, focusing on accelerating agricultural modernization, optimizing the distribution of agricultural products trading, proposes the implementation of the Party and the Government having the same responsibility in terms of food security. This is the 18th consecutive year that the "No. 1 document" to show concern over the problem of "Agriculture, Rural Areas, and Rural People" in the PRC.

As for the above-mentioned central government's strategic action to ensure the effective supply of important agricultural products, food safety, etc., being a national key leading enterprise that has been rooted in China for 30 years, Chaoda has taken an initiative role in structural reforms on the supply side of agriculture. The Chaoda new business operation model was highly consistent with national guidelines and policies, which emphasize in protection of food safety, the realization of customized production of agricultural products by connecting the production and consumption, and the effective linkage mechanism between small farmers and modern agriculture. Once again it proves the forward-looking nature, correctness, great development prospects and potential of Chaoda new business operation model.

Due to the global macroeconomic factors and the pandemic of the novel coronavirus disease ("COVID-19"), the market is flooded with uncertainties. The financial year ending 30 June, 2021 is still a difficult and challenging year for the Group. The Group needs to adjust and integrate resources from the above-mentioned supply-side structural reform in agricultural. We expect that after the COVID-19 epidemic is basically over, the Group will intensify efforts to carry out pilot docking work, accelerate the implementation of projects, build urban agricultural demonstration areas, establish a cooperative agricultural system, and promote the construction of beautiful countryside. In June 2021, Chaoda was continuously recognised as "China's 500 Most Valuable Brands" by the World Brand Laboratory, ranking 83rd with a brand value of RMB65.8 billion.

FUTURE OUTLOOK

To build up the "Chaoda + Impoverished Households + Farmers + Rural Cooperatives +Agricultural Enterprises + Village Collectives" new business operation model, Chaoda has established an online system as a starting point to explore the establishment of a long-term mechanism for effective connection between production and sales and stable poverty alleviation. While doing a good job in industrial development demonstration, it allows farmers to share more industry benefits and achieve poverty alleviation. Chaoda continues to innovate and dare to practice. Through the empowerment and platform support of the Internet and Internet of Things technologies, the Group will actively promote partnership management and customized new agricultural models, leading the major changes in the agricultural industry!

Looking forward, it remains uncertain as to the state of COVID-19 pandemic control and the coming year will still be full of challenges. The Group will be reassessing and re-engineering its strategies from time to time in response to the ever changing environment, to seek new momentum for its future profit growth, and achieve the vision of "better livelihood with Chaoda environmental".

APPRECIATION

I would like to take this opportunity to express my hearty gratitude to the shareholders, customers and business partners for their continual support and trust. I would also like to thank the management team and the entire staff for their efforts and contributions to the Group during the past year.

Kwok Ho
Chairman

Hong Kong, 24 September 2021

Management Discussion and Analysis

FINANCIAL REVIEW

During the financial year under review, the Group recorded a revenue of RMB74 million representing an increase of approximately 2% as compared to RMB72 million for the previous financial year. The increment in revenue was mainly due to the satisfactory performance of retail business in supermarket, partially offset by the performance of vegetable wholesale and logistics' business which had adverse impact under the pandemic of COVID-19. The Group achieved gross profit RMB20 million (2020: RMB20 million), gross profit margin was 27%.

During the financial year under review, selling and distribution expenses decreased from RMB8 million to RMB7 million as a result of cost reduction and productivity initiatives. General and administrative expenses increased by 2% to RMB52 million.

As a result of the above, during the financial year under review, the loss from operations of the Group amounted to RMB25 million (2020: RMB14 million) as well as loss for the year attributable to owners of the Company amounted to RMB26 million (2020: RMB14 million).

INDUSTRY OUTLOOK

At the beginning of 2021, the Central Committee of the Communist Party of China released the 2021 "Number One Document", focusing on the agricultural industry for the eighteen consecutive years, and clarified that the three major missions in 2021 are "Consolidate and expand the results of poverty alleviation to effectively connect with rural revitalisation", "Vigorously implement rural construction actions" and "Accelerate agricultural and rural modernisation."

The document points out that if the nation wants to rejuvenate, the village must be rejuvenated. The Central Committee of the Communist Party of China believes that the tasks for Agriculture, Rural Areas, and Rural People in the new stage of development is still extremely important and must not be relaxed for a while. Insist on solving the issues in relation to Agriculture, Rural Areas, and Rural People is the top priority of the Communist Party 's mission, taking the comprehensive promotion of rural revitalization as a major task of realizing the great rejuvenation of the Chinese Nation, and using the power of the whole Communist Party and society to accelerate the modernization of agriculture and rural areas, so that can let farmers live a better life.

The document also confirms that rural construction should be placed in an important position of socialist modernization, and the revitalization of rural industries, talents, culture, ecology, and organizations should be fully promoted. Give full play to the functions of agricultural product supply, ecological barriers, and cultural inheritance, follow the path of socialist rural revitalization with Chinese characteristics, accelerate the modernization of agriculture and rural areas, accelerate the formation of a new type of industrial-agricultural-urban-rural relationship with coordinated development and common prosperity featuring mutual promotion of industry and agriculture, complementary urban and rural development, and promote high-quality and high-efficiency agriculture, rural livability, and affluent farmers.

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.

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. Bring production-end 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.

Due to the new outbreak of COVID-19 in early 2020, the Group currently suspends the pilot work of Chaoda's new business model in relevant provinces. According to the national document on advancing the structural reform of the agricultural supply side, while effectively managing the demand side, the policies for achieving effective integration of poverty alleviation and rural revitalization, the principles and policies for the effective connection of small-scale farmers and modern agricultural development and the trend of accelerating the development of national urbanization, concentrate resources to study the effective connection between the existing agricultural supply-side structural reform plan and urban agricultural development, to lay a solid foundation for the next step of market development and to secure a sustainable supply of urban agricultural products and services.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, cash and bank balances of the Group amounted to RMB107 million (2020: RMB125 million), which includes RMB17 million restricted bank balance (2020: RMB17 million). In addition, the Group has no secured banking facilities (2020: Nil).

As at 30 June 2021, the total equity of the Group (including non-controlling interests) amounted to RMB228 million (2020: RMB258 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 30 June 2021, the debt to equity ratio (bank loans over total equity) of the Group was nil (2020: Nil). The current ratio (dividing total current assets by total current liabilities) was 4 times (2020: 4 times).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

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

During the financial year 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.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the financial year 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 30 June 2021 and 2020, the Group did not charge any of its assets to any bank or other financial institutions.

CONTINGENT LIABILITIES

As at 30 June 2021 and 2020, the Group did not have any significant contingent liabilities.

CAPITAL STRUCTURE

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

As at 30 June 2021, 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 year under review.

HUMAN RESOURCES

As at 30 June 2021, the Group employed 132 employees (2020: 170).

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.

Corporate Governance Report

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 be a good foundation of the Company's sustainability. The key corporate governance principles and practices of Chaoda during the financial year ended 30 June 2021 are set out in this report.

CORPORATE GOVERNANCE PRACTICES

During the financial year ended 30 June 2021, the Company has applied the principles and complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the deviations set out below under the paragraphs headed "Chairman and Chief Executive Officer" and "Annual General Meeting" of this report. The current corporate governance practices will be reviewed and assessed from time to time for the compliance with latest statutory requirements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the directors. All directors, after specific enquiries made by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the financial year ended 30 June 2021. The directors' interests as at 30 June 2021 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out in the Directors' Report under the section headed "Directors' Interests in Securities".

BOARD OF DIRECTORS

Composition

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and includes a balanced composition of executive and non-executive directors (including independent non-executive directors), which can effectively exercise independent judgment.

As at the date of this report, the members of the Board are listed below:

Executive directors
Mr. Kwok Ho *(Chairman)*
Mr. Kuang Qiao

Non-executive director
Mr. Ip Chi Ming

Independent non-executive directors
Mr. Fung Chi Kin
Mr. Tam Ching Ho
Professor Lin Shun Quan

Biographical details of the directors are disclosed in the section headed "Profiles of Directors and Senior Executives" of this annual report. There is no financial, business, family or other material/relevant relationship among members of the Board.

The Company has complied with Rules 3.10(1) and (2) of the Listing Rules, i.e. the Board includes at least three independent non-executive directors and at least one of them possesses appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation of independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules and accordingly, the Company is of the view that all independent non-executive directors are independent under the Listing Rules. To the best knowledge and belief of the Company, they have the character, integrity, independence and experience to fulfill their role effectively.

The non-executive director and each of the independent non-executive directors are appointed for a specific term of one to two years. In accordance with the CG Code and the Company's articles of association, they should be subject to retirement by rotation at least once every three years at the annual general meeting.

Responsibilities

The Board is committed to providing effective and responsible leadership for the Company. Its primary role is to protect and enhance the interests of our shareholders as a whole. The members of the Board are accountable to, and are committed to acting in the best interests of the Company and our shareholders. Matters reserved for the Board's consideration include but not limited to:

- the Group's long-term objectives and corporate strategy;
- the overall corporate governance of the Group;
- the internal control system of the Group;
- the financial reporting and control;
- the recommendations to our shareholders like dividend payments, appointment or re-appointment of directors.

Under the leadership of the Chairman of the Board, the day-to-day management, administration and operations of the Group are delegated to the executive directors and the management. Each of the delegated parties has accumulated sufficient and valuable experience to hold his/her position in order to ensure that his/her fiduciary duties and other responsibilities can be carried out in an effective and efficient manner.

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Three committees operate within specified terms of reference to oversee respective areas of the Company's affairs. Each committee composition and its respective responsibilities are stated in the relevant paragraphs of this report.

Board Meetings

During the financial year ended 30 June 2021, the Board convened a total of 4 Board meetings. The agenda and accompanying Board papers are served to all members of the Board in advance of each meeting to facilitate informed discussion and decision-making. Senior management and professional advisers are invited to attend the meeting(s) to give a presentation on issues considered and/or answer the Board's enquiries when necessary. All proceedings of the Board meetings are duly recorded, approved and signed by the chairman of the meeting. Upon request, minutes of Board meetings are open for inspection by any director.

Attendance of each director at the board meetings held during the financial year ended 30 June 2021 is set out below:

Name of directors	Attendance
Executive directors:	
Mr. Kwok Ho *(Chairman)*	3/4
Mr. Kuang Qiao	3/4
Non-executive director:	
Mr. Ip Chi Ming	4/4
Independent non-executive directors:	
Mr. Fung Chi Kin	4/4
Mr. Tam Ching Ho	4/4
Professor Lin Shun Quan	3/4

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

According to the records maintained by the Company, the directors' participation in various continuous professional programs relevant to regulatory updates; industry-specific; business management; accounting or finance for the financial year ended 30 June 2021 were as follows:

Name of directors	Attending Training Course/ Seminar/ Conference/ Forum/Workshop	Reading Materials
Executive directors:		
Mr. Kwok Ho *(Chairman)*	✓	✓
Mr. Kuang Qiao	✓	✓
Non-executive director:		
Mr. Ip Chi Ming	✓	✓
Independent non-executive directors:		
Mr. Fung Chi Kin	✓	✓
Mr. Tam Ching Ho	✓	✓
Professor Lin Shun Quan	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated 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.

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, two of whom are independent non-executive directors and one is executive director. Members of the Remuneration Committee are:

- Mr. Fung Chi Kin *(Chairman)*
- Mr. Tam Ching Ho
- Mr. Kuang Qiao

Pursuant to its terms of reference, the Remuneration Committee is delegated, among others, (i) to make recommendations to the Board on the framework or broad policy and structure for the remuneration of individual executive directors and senior management; (ii) to make recommendations to the Board on the establishment of a formal and transparent procedure for developing such policy; (iii) to make recommendations to the Board on the remuneration of non-executive directors; (iv) to review the ongoing appropriateness and relevance of the remuneration policy; and (v) to review the design of all share incentive plans for approval by the Board and the shareholders. The specific terms of reference of the Remuneration Committee are available on the Company's websites.

No director or manager shall be involved in any decisions as to his/her own remuneration. The remuneration of an independent non-executive director who is a member of the Remuneration Committee shall be a matter for other members of the Remuneration Committee.

Meeting of the Remuneration Committee shall be held at least once a year and at such other times as the Chairman of the Remuneration Committee shall require. During the financial year ended 30 June 2021, the Remuneration Committee had convened one meeting.

The individual members' attendance records are set out below:

Members of the Remuneration Committee	**Attendance**
Independent non-executive directors:	
Mr. Fung Chi Kin *(Chairman)*	1/1
Mr. Tam Ching Ho	1/1
Mr. Kuang Qiao	0/1

During the financial year ended 30 June 2021, the Remuneration Committee (i) discussed and reviewed the remuneration policy adopted by the Group; and (ii) reviewed and recommended to the Board the overall level of compensation and its adjustment applicable to the employees of the Group for the following calendar year.

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises five members, three of whom are independent non-executive directors and two are executive directors. Members of the Nomination Committee are:

- Mr. Fung Chi Kin *(Chairman)*
- Mr. Kwok Ho
- Mr. Kuang Qiao
- Mr. Tam Ching Ho
- Professor Lin Shun Quan

Pursuant to its terms of reference, the Nomination Committee is delegated, among others, (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) to identify, nominate and recommend suitable candidate(s) to the Board for its consideration; (iii) to assess the independence of independent non-executive directors; (iv) to make recommendations to the Board on the appointment or re-appointment of directors; and (v) to make recommendations to the Board on the removal of a director. The specific terms of reference of the Nomination Committee are available on the Company's websites.

In respect of the policy concerning the Board diversity, the Nomination Committee will take into account of the Group's business model and specific needs, and consider a range of perspectives, including but not limited to gender, age, cultural and educational background, skills, experience and professional qualifications. The Nomination Committee is responsible for reviewing the policy and the measurable objectives for implementing such policy from time to time to ensure its effectiveness.

As at the date of this annual report, the Board comprises six Directors, all of whom are male. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

	Age Group		
Name of directors	**30-60**	**Over 60**	**Directorship with The Company**
Mr. Kwok Ho *(Chairman)*		✓	20
Mr. Kuang Qiao	✓		17
Mr. Ip Chi Ming	✓		20
Mr. Fung Chi Kin		✓	17
Mr. Tam Ching Ho	✓		17
Professor Lin Shun Quan		✓	20

During the financial year ended 30 June 2021, the Nomination Committee had convened one meeting to review the structure, number, composition and diversity of the Board.

The individual members' attendance records are set out below:

Members of the Nomination Committee	Attendance
Independent non-executive directors:	
Mr. Fung Chi Kin *(Chairman)*	1/1
Mr. Tam Ching Ho	1/1
Professor Lin Shun Quan	1/1
Executive directors:	
Mr. Kwok Ho	0/1
Mr. Kuang Qiao	1/1

AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, all of whom are independent non-executive directors. Members of the Audit Committee are:

- Mr. Tam Ching Ho *(Chairman)*
- Mr. Fung Chi Kin
- Professor Lin Shun Quan

Pursuant to its terms of reference, the Audit Committee is delegated, among others, (i) to monitor the integrity of the financial statements of the Group (including its annual and interim reports and accounts, preliminary results announcements and any other formal announcements relating to its financial performance); (ii) to review significant financial reporting issues and judgments thereof before the financial statements are submitted to the Board; (iii) to review the effectiveness of the Group's financial controls, internal controls and risk management systems; and (iv) to assess the independence and objectivity of the external auditors. The specific terms of reference of the Audit Committee are available on the Company's websites.

During the financial year ended 30 June 2021, the Audit Committee held four meetings to perform the following works, including but not limited to:

(i) reviewed and discussed with the external auditors the general scope of their audit and review works for auditing the final results for financial year ended 30 June 2020 and reviewing the interim results for six-month period ended 31 December 2020;

(ii) reviewed the audited financial statements for financial year ended 30 June 2020 as well as the financial statements for the six-month period ended 31 December 2020; and

(iii) reviewed and discussed with internal control consultant the internal control review report on the Group's operations.

The audited financial statements of the Group for the financial year ended 30 June 2021 have been reviewed by the Audit Committee.

The individual members' attendance records are set out below:

Members of the Audit Committee	Attendance
Independent non-executive directors:	
Mr. Tam Ching Ho *(Chairman)*	3/4
Mr. Fung Chi Kin	4/4
Professor Lin Shun Quan	4/4

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for determining the policy for corporate governance of the Company as well as performing the corporate governance functions set out in code provision D.3.1 of the CG Code.

During the financial year ended 30 June 2021, the Board performed the corporate governance duties which include: (i) reviewed and discussed the policies and practices on corporate governance; (ii) reviewed the training and continuous professional development of directors and senior management; and (iii) reviewed the disclosure in this report.

AUDITORS' REMUNERATION

The fees paid or payable to external auditors of the Group for the financial year ended 30 June 2021 in respect of audit and non-audit services were as follows:

Services rendered	Fee paid/payable HK$'000
Audit services	950
Non-audit services (interim review)	389

DIRECTORS' RESPONSIBILITY FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The directors acknowledged their responsibility for preparing consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant financial period.

In preparing the consolidated financial statements for the financial year ended 30 June 2021 of the Group, the Board adopted appropriate accounting policies consistently, made prudent, fair and reasonable judgments and estimates, as well as based on a going concern basis.

The statement of the external auditors of the Group in respect of their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditors' Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems, and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight roles over the Group's financial, operational compliance, risk management and internal control activities, while senior management is responsible to design, implement and monitor the risk management and internal control systems, and report to the Board and the Audit Committee on the effectiveness of these systems. Systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives.

Risk Management

The Group has established a formal risk assessment system, including risk assessment criteria for the Group. Senior management identifies the risks that potentially impact the key business processes of their operations on an annual basis. Risk are identified based on their likelihood of occurring and the impact on business should they occur. Senior management assesses the effectiveness of existing controls and develops risk mitigating activities accordingly. Results of the annual risk assessment are reported to the Board and Audit Committee, including the significant risks of the Group and the controls activities to mitigate or transfer the identified risks.

Internal Control

The Group has established levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that assets are safeguarded against improper use of disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

The internal audit department is led by the internal audit manager, who report directly to the Audit Committee. The internal audit department is primarily responsible for performing independent reviewed of the key business operations of the Group and assisting in the continual development of internal control policies and procedure. For the financial year ended 30 June 2021, the Company has engaged RSM Consulting (Hong Kong) Limited ("RSM"), an external consultant, to conduct a review of the Group's risk management and internal control systems. Results of the review were communicated to the Audit Committee. For any issue identified, they will be followed up for proper implementation and the progress will be reported to the Audit Committee periodically.

Review of Risk Management and Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group covering all material controls, including but not limited to financial, operational and compliance as well as risk management. The Board expects that a review of the risk management and internal control review will be performed annually. For the financial year ended 30 June 2021, no significant risk was identified. The Audit Committee has also reviewed and is satisfied with the adequacy of resources, qualification, experience and the training programs of the Group's internal audit, accounting and financial reporting functions.

DIVIDEND POLICY

The Directors propose the dividend, if any, in accordance with the dividend policy of the Company ("Dividend Policy") which essential features are summarised below:

To propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(i) financial results;
(ii) cash flow situation;
(iii) business conditions and strategies;
(iv) future operations and earnings;
(v) capital requirements and expenditure plans;
(vi) interests of shareholders;
(vii) any restrictions on payment of dividends; and
(viii) any other factors that the Board may consider relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rule and regulations and the articles of association of the Company.

Any declaration and payment of future dividends under the Dividend Policy are subject to the Board's determination that the same would be in best interests of the Group and the shareholders of the Company as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

INSIDE INFORMATION

The Company is fully cognisant of its disclosure obligations under the SFO and the Listing Rules. The Board regulates the handling and dissemination of inside information to ensure inside information is truthfulness, accuracy, completeness and timeliness as well as remains confidential until the disclosure of such information is appropriately approved. The inside information should be disseminated to the public in equal and timely manner pursuant to the applicable laws and regulations. The Company's code of conduct regarding securities transaction by its directors is set out in the "Model Code for Securities Transactions by the Directors" section of this report.

COMPANY SECRETARY

The Board is supported by the Company Secretary who has day-to-day knowledge of the Company's affairs and is responsible for, among other matters, assisting in the effective operation of the Board and the Board committees, ensuring the Board policy and procedures are followed, and also facilitating the overall compliance with the Listing Rules and other laws and regulations applicable to the Company. During the financial year ended 30 June 2021, the Company Secretary had complied with the professional training requirements under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

According to Article 72 of the Company's articles of association, any two or more members of the Company or any one member of the Company which is a recognised clearing house (or its nominee(s)) may request for an extraordinary general meeting to be convened upon depositing at the principal office of the Company in Hong Kong a written requisition specifying the objects of the meeting and signed by the requisitionist(s), provided that as at the date of deposit of the requisition, such requisitionist(s) hold not less than one-tenth of the paid-up capital of the Company which carries the right of voting at a general meeting of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an extraordinary general meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

The same procedure also applies to any proposal to be put forward at general meeting.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the financial year under review.

ANNUAL GENERAL MEETING

The attendance of individual directors at the annual general meeting of the Company held on 17 December 2020 is set out as follows:

Name of directors	Attendance
Executive directors:	
Mr. Kwok Ho *(Chairman)*	✗
Mr. Kuang Qiao	✗
Non-executive director:	
Mr. Ip Chi Ming	✓
Independent non-executive directors:	
Mr. Fung Chi Kin	✓
Mr. Tam Ching Ho	✗
Professor Lin Shun Quan	✗

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. He should invite the chairman of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Mr. Kwok Ho, the chairman of the Company, did not attend the 2020 AGM, due to his own official engagement. However, arrangements including the attendance of another member of the Board had been in place to ensure the AGM was in order.

CHANGES IN DIRECTORS' INFORMATION

Changes in the Directors' information are set out below pursuant to a board resolution passed in the board meeting held on 16 June 2021:

(a) The monthly salary paid or payable by the Company to Mr. Kwok Ho was changed from HK$50,000 to HK$15,000 with effect from 1 January 2021.

(b) The monthly salary paid or payable by the Company to Mr. Kuang Qiao was changed from HK$15,000 to HK$8,000 with effect from 1 January 2021.

(c) The monthly director's fee paid or payable by the Company to Mr. Ip Chi Ming was changed from HK$50,000 to HK$25,000 with effect from 1 January 2021.

(d) The monthly director's fee paid or payable by the Company to Mr. Fung Chi Kin was changed from HK$18,000 to HK$8,000 with effect from 1 September 2021.

(e) The monthly director's fee paid or payable by the Company to Mr. Tam Ching Ho was changed from HK$20,000 to HK$10,000 with effect from 1 September 2021.

Save as disclosed above, there is no other change in information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMMUNICATION

The Company values the views of our shareholders and acknowledges their interests in the Group's strategy and performance. Hence, the Board endeavors to maintain an on-going dialogue with our shareholders. The Company's website serves as a communication platform with our shareholders and investors. Updated information about the Company including its financial performance, corporate governance practices and the principal business developments of the Group, are available for public browse in a timely manner.

Besides, general meetings of the Company are considered as valuable opportunities for the Board to have dialogue directly with our shareholders. The directors of the Company are encouraged to attend the general meetings. In particular, the Chairman of the Board and the Chairman of each Board committee are required to attend and answer questions raised by our shareholders in respect of the issues that they are responsible.

The shareholders and investors are also welcome to share their views and suggestions by contacting us through the following methods:

By telephone: (852) 2845 0168
By fax: (852) 2827 0278
By email: investor@chaoda.com.hk

Environmental, Social and Governance Report

INTRODUCTION

This Environmental, Social and Governance Report (the "ESG Report") summarizes the Group's environmental, social and governance ("ESG") initiatives, plans and performance, and demonstrates its commitment to sustainable development.

Chaoda Modern Agriculture (Holdings) Limited (the "Company" or "Chaoda") and its subsidiaries (collectively referred to as the "Group" or "we") is adhering to sustainable development in accordance with the ESG management principles, and is committed to effectively and responsibly handling the Group's ESG issues as a core part of its business strategy since the Group believes this is the key to its continued success in the future.

THE ESG GOVERNANCE STRUCTURE

The Group has established an ESG Taskforce (the "ESG Taskforce"). The ESG Taskforce comprises of core members from different departments of the Group and is responsible for collecting relevant ESG information for the preparation of the ESG Report. The ESG Taskforce reports to the board of directors (the "Board") of the Company, assists in identifying and assessing the Group's ESG risks and evaluates the effectiveness of the Group's ESG risk management and internal control mechanisms. The ESG Taskforce also examines and assesses the Group's performance on the environment, health and safety, labor standards, product responsibility and other aspects in the ESG areas. The Board sets the direction of the Group's ESG strategy and ensures the effectiveness of ESG risk management and its internal control mechanism.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") contained in Appendix 27 to the Listing Rules on the Stock Exchange of Hong Kong Limited ("HKEX").

The corporate governance practices of the Group are published in the Corporate Governance Report of this annual report.

The Group attaches great importance to the materiality, quantitative, and consistency during the preparation for this ESG Report, the Group has applied these reporting principles in the aforementioned ESG Reporting Guide as the following:

Materiality: Materiality assessment was conducted to diagnose material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and senior management of the Company. Please refer to the section headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative: The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions were disclosed. The key performance indicators ("KPIs") are supplemented by explanatory notes to establish benchmarks where feasible.

Consistency: The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

REPORTING PERIOD

The ESG Report covered the ESG activities, challenges and measures taken by the Group during the financial year ended 30 June 2021 (the "Reporting Period" or "2021").

REPORTING SCOPE

The Group identifies the reporting scope 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. During the Reporting Period, the Group neither has any production bases nor operates businesses in relation to cultivation and production of agricultural products. The Group only operates businesses in wholesale and distribution of agricultural products. By assessing performance of the operating segments on the basis of financial threshold, the ESG Report covers three business operation sites of the Group that were located in Hong Kong and the Mainland China, which comprised of one shop and the processing center in Kwun Tong, the office in Wan Chai and the Group's headquarter in Fuzhou. The Group will continue to expand the scope of disclosure when and where applicable and when its data collection system becomes more mature and the sustainability work is enhanced.

BOARD STATEMENT

I hereby present the ESG Report of the Group for the financial year ended 30 June 2021 on behalf of the Board of the Company.

Being a national key leading enterprise that has been rooted in China for 30 years, Chaoda has taken an initiative role in structural reforms on the supply side of agriculture and tackling the problem of poverty alleviation. Chaoda fully understands that the sustainable development of the brand should be a win-win situation at all business levels. By implementing sustainable development measures to obtain long-term returns, the Group can maintain a leading edge and create a better brand image.

The Board assumes full responsibility for the Group's ESG strategies and reporting as well as for overseeing and managing the Group's ESG-related issues. The Board regularly reviews our systems and guidelines across our operations to maintain a high level of transparency and accountability. It is the basis for our long-term development to listen to the appeals of our stakeholders and respond to them in time. The Group maintains communication with our stakeholders and facilitates their understanding of the Group's development and how ESG goals and targets are related to the Group's business. We also regularly engage our internal and external stakeholders and hire independent third parties to conduct materiality assessment in order to identify, evaluate and prioritize ESG issues, and provide effective feedback to stakeholders' appeals in a timely manner to ensure the enhancement of the partnership and joint development. During the Reporting Period, product quality and safety was identified as the most important material ESG topic to the Group, followed by suppliers' quality review, health and safety management, waste management, and water management.

Based on the materiality assessment of ESG issues, the Board has authorized the ESG Taskforce to carry out ESG-related tasks. While the ESG Taskforce implements and communicates the day-to-day management of ESG issues, including but not limited to setting ESG-related goals and targets and formulating relevant policies, the Board is responsible for the oversight of the overall management, decisions, and target-achieving progress relating to the sustainability governance of the Group. Through the above mechanism, we are now able to assess ESG risks and provide strategic long-term guidance on sustainability performance, goals, and priorities. During the Reporting Period, the Group set its first targets on the environmental aspects, and implemented the latest ESG-related policies and guidelines to comply with the latest laws and regulations.

Looking forward to the future, the Board will continue to timely review the Group's own ESG strategic planning and performance based on the macro policy environment, the Group's business development direction, as well as relevant matters that the stakeholders are concerned about. Fully utilizing our ESG data and implementing relevant policies, we will continue to raise our employees' ESG-related awareness and ultimately incorporate ESG initiatives into the daily operation of our business.

Chairman
Kwok Ho
On behalf of the Board

Hong Kong, 24 September, 2021

STAKEHOLDER ENGAGEMENT

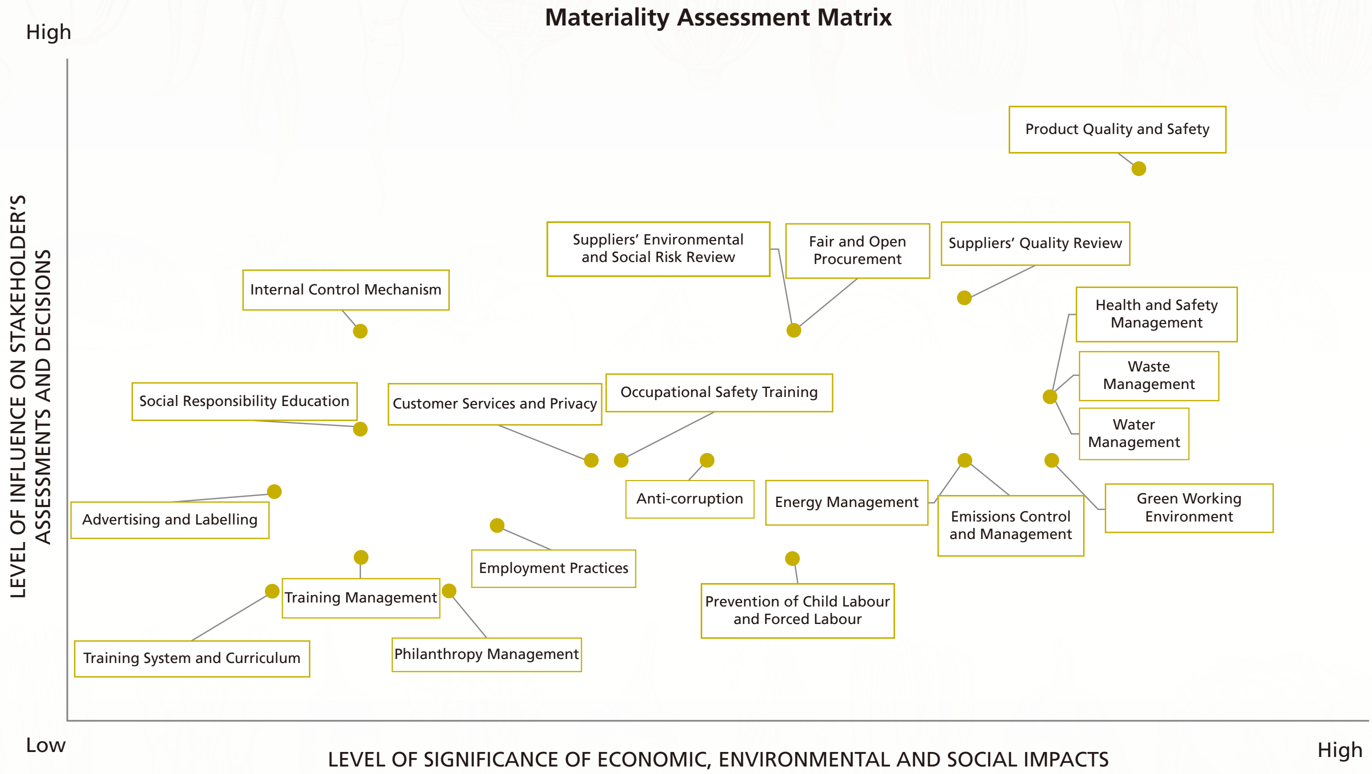
The Group values its stakeholders and their feedback on Chaoda's business and ESG issues. Therefore, stakeholder participation is an integral part of the Group's continuous improvement in its sustainability performance. To fully understand, respond and address the core concerns of different stakeholders, the Group has maintained close communication with major stakeholders. The Group will continue to increase the involvement of stakeholders via constructive conversation with a view to charting a course for long-term prosperity. The Group's communication channels with the key stakeholders and their respective expectations are summarized as follows:

Stakeholders	Expectations	Communication Channels
Investors and Shareholders	• Complying with relevant laws and regulations • Disclosing latest information of the corporate in due course • Financial results • Corporate sustainability	• Annual general meeting and other shareholders meetings • Financial reports • Announcements and circular
Customers	• Fulfilling product and service responsibility • Customer information • Compliant operation	• Customer satisfaction survey and feedback form • Customer service center • Customer manager • Complaint review meeting
Suppliers	• Fair competition • Business integrity and reputation • Mutual benefits	• Supplier management meetings and events • Communication with sales or marketing managers
Employees	• Health and safety • Equal opportunities • Remuneration and benefits • Career development	• Channels for employees' feedback (forms, suggestion boxes, etc.) • Regular performance evaluations • Staff newsletters and communications • Internal network
Government and Regulatory Bodies	• Tax payment in full and on time • Business integrity • Complying with relevant laws and regulations	• Regular performance reports • Regular work meetings • Field inspections
Communities, Non-governmental Organizations and Media	• Giving back to society • Environmental protection • Compliant operation	• Seminars, lectures and workshops • Community activities • ESG reports • Charity fund
Auditor	• Managing account on time • Well-organized document • Accountant with appropriate knowledge	• Email • Telephone • Regular meeting • Field work

The Group is committed to working with stakeholders to improve its ESG performance, and to continue creating greater value for the wider society.

MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report, so as to assist the Group in reviewing its operations and identifying the relevant ESG issues, and assessing the importance of those relevant issues to Chaoda's business and stakeholders. The Group compiled a questionnaire in accordance with the evaluated ESG issues to collect information from the relevant departments and business units of the Group to identify material ESG issues. The following matrix is a summary of the Group's material ESG issues:



During the Reporting Period, the Group has confirmed that it has established an appropriate and effective management policies and internal control systems for ESG matters, and confirmed that the disclosures meet the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes comments and suggestions from stakeholders. You may provide valuable feedback on the ESG Report or the Group's sustainability performance, and email to investor@chaoda.com.

A. ENVIRONMENT

To better manage the Group's material topics and its performance on those aspects, the Group decides to set quantifiable targets for the environmental aspect over the next three reporting years ending 30 June 2024 ("2024"). The Group will continue to work for the targets set, and will review the status of the set targets annually prior to 2024. For each of the target set, corresponding measures to achieve them will be disclosed in detail in the section of "Emissions Control and Management", "Waste Management", "Energy Management" and "Water Management".

The table below summarizes the Group's sustainability targets set for 2024.

Environmental Targets	Status
Emissions: **1. Greenhouse Gas ("GHG") Emissions** To reduce the total GHG emissions intensity by 2% in 2024 compared to 2021.	**1. In progress**
Waste Management: **2. Non-hazardous waste** To reduce the total non-hazardous waste intensity by 2% in 2024 compared to 2021.	**2. In progress**
Use of Resources: **3. Energy Management** To reduce the total energy consumption intensity by 2% in 2024 compared to 2021.	**3. In progress**
Use of Resources: **4. Water Management:** To reduce the total water consumption intensity by 2% in 2024 compared to 2021.	**4. In progress**

A1. Emissions

The Group attaches great importance to good environmental management and strives to protect the environment so to fulfill social responsibilities of the Group. The Group has established related environmental management systems and procedures for the daily operations of the offices and business centers in Hong Kong and the Mainland China to regulate GHG and non-hazardous waste generated during operations, so as to contribute to environmental protection and pursue the goal of sustainable development.

The responsible personnel of the Group's environmental affairs will supervise the implementation of environmental management measures and related environmental policies. Under strict supervision and guidance, all departments will do their best to implement the Group's environmental protection policies, and ensure all business processes comply with legal requirements. The responsible personnel of environmental affairs at all levels will continue to review the Group's policies and implementation procedures, report to the management when appropriate, and suggest recommended measures when necessary.

The Group regularly updates with the latest national and regional environmental protection laws and regulations, and strengthens the environmental protection measures to comply with local laws and regulations and relevant environmental policies. The Group strictly complies with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, the Hong Kong Waste Disposal Ordinance, the Hong Kong Water Pollution Control Ordinance, the Hong Kong Product Eco-responsibility Ordinance, etc. and related environmental protection laws and regulations. During the Reporting Period, the Group was not aware of any material violations of relevant environmental laws and regulations which had a significant impact on the Group.

Emissions Control and Management

Exhaust Gas Emissions

During the course of commercial operation, the Group's emissions are mainly derived from petrol and diesel consumed by company vehicles. In response to the above sources, the Group actively takes the following emission reduction measures:

- Maintain vehicles on a monthly basis so to effectively reduce fuel consumption, thereby reducing carbon emissions and exhaust gas emissions;
- Dispose vehicles that are not up-to-standard based on the requirements of local emissions policies;
- Purchase regular diesel and petrol for vehicles, and conduct annual inspections to ensure vehicles are meeting relevant emission standards;
- Reduce the number of business trips by utilizing electronic communication means such as video conferences and WeChat meetings; and
- Actively adopt measures to reduce emissions, and the relevant measures will be described in the section "GHG Emissions" under this aspect.

The Group's exhaust gas emissions performance was as follows:

Types of Exhaust Gas	Unit	2021	2020
Sulfur Oxides (SO_x)	kg	**0.35**	0.53
Nitrogen Oxides (NO_x)	kg	**124.46**	142.05
Particulate Matter (PM)	kg	**11.87**	13.46

GHG Emissions

The Group's GHG emissions primarily come from the direct GHG emissions resulting from the consumption of petrol and diesel by company vehicles (Scope 1), as well as the indirect GHG emissions from purchased electricity (Scope 2). The Group actively adopts the following electricity saving and energy saving measures to reduce GHG emissions:

- Actively adopt exhaust gas reduction measures, and the relevant measures are described in the section "Exhaust Gas Emissions" under this aspect; and
- Actively adopt environmental protection and energy conservation measures, and the relevant measures will be described in the section "Energy Management" under aspect A2.

In addition to the above measures, the Group regularly issues environmental communication newsletters to employees to raise their environmental awareness. In addition, notices and posters with green information are posted in offices in order to promote the best practices of environmental management. Through the above-mentioned GHG emission reduction measures, employees' awareness on GHG emissions has been raised. As the Group suspended the use of one private car during the Reporting Period, hence the Group's direct GHG emissions had a significant decrease compared to that in the year ended 30 June 2020 ("2020"). During the Reporting Period, the total GHG emissions of the Group decreased by about 8%, from approximately 509.23 tCO_2e in 2020 to approximately 468.56 tCO_2e in 2021. The Group's GHG emissions performance was as follows:

Indicator[1]	Unit	2021	2020
Direct GHG emissions (Scope 1)	tCO_2e	**60.28**	91.94
Energy indirect GHG emissions (Scope 2)	tCO_2e	**408.28**	417.29
Total GHG emissions (Scope 1 and 2)	tCO_2e	**468.56**	509.23
Intensity	tCO_2e/square meter[2]	**0.05**	0.07
	tCO_2e/employee[3]	**3.55**	3.00

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest released emission factors of China's regional power grid basis, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the CLP 2020 Sustainability Report, and the HK Electric Investments Sustainability Report 2020.

2. As at 30 June 2021, the total area of the three offices and business centers of the Group has increased to 9,695.35 square meters, compared to 7,624.00 square meters in 2020. This data is also used for calculating other intensity data.

3. As at 30 June 2021, the Group had a total of 132 employees (2020: 170). This data is also used for calculating other intensity data.

Domestic Sewage

Given that the Group's business activities do not consume significant volume of water during its daily operation, therefore the Group did not discharge material portion of sewage. As the sewage discharged by the Group will be discharged into the municipal sewage pipe network to the regional water purification plant, the water consumed by the Group is considered as sewage discharged. The data on water consumption will be described in the section "Water Management" in aspect A2.

Waste Management

Hazardous Waste

Despite the Group did not generate hazardous waste during the Reporting Period, the Group has established guidelines in governing the management and disposal of hazardous waste. In case there are any hazardous waste produced, the Group must engage a qualified chemical waste collector to handle such waste, and comply with relevant environmental rules and regulations.

Non-hazardous Waste

The Group adheres to the principles of waste management, and is committed to handling and disposing of all waste generated by its business activities through abiding by the principle of sustainability and the methodology of "Reduce, Reuse, Recycle and Replace". All of the Group's waste management practices comply with relevant environmental laws and regulations. The non-hazardous waste generated by the Group's business activities was mainly paper, and other domestic waste. After collecting and sorting, such waste will eventually be collected and processed by the general waste service providers, recyclable waste (such as paper) will be recycled for reuse.

The Group regularly monitors its consumption of paper, and implements a number of measures to minimize the use of different resources by employees. The Group's offices also provide appropriate facilities and encourage employees to classify the waste at source and recycle waste to achieve the goal of waste reduction, reuse and recycle in the course of operations. The Group maintains high level of waste reduction standard, and educates employees the importance of sustainable development and provides relevant support to develop their awareness and knowledge for sustainable development.

The Group is committed to building an electronic office and has implemented the following measures to encourage employees to take the responsibility of waste management and minimizing waste production:

- Utilize the online system in offices, conduct general transaction notification and data transmission through the network system to establish an electronic workflow;
- Avoid printing and copying documents;
- Use double-sided printing if printing is necessary;
- Reuse used envelopes and recycled paper, cartons, envelopes and folders; and
- Minimize the use of disposable paper products such as paper cups and paper towels.

In addition, the Group also emphasizes environmental protection to employees by posting "Environmental Information" reminders on office equipment so as to enhance employees' environmental awareness. Through the above measures, its employees' awareness towards waste management has been raised. During the Reporting Period, the amount of paper produced was halved in comparison to 2020 and the total amount of non-hazardous waste has decreased by about 5% from approximately 531.67 tonnes in 2020 to approximately 507.33 tonnes in 2021. The Group's non-hazardous waste disposal performance was as follows:

Types of Non-hazardous Waste	Unit	2021	2020
Paper[4]	tonnes	**0.33**	0.67
Domestic waste	tonnes	**507.00**	531.00
Total non-hazardous waste	tonnes	**507.33**	531.67
Intensity	tonnes/square meter	**0.05**	0.07
	tonnes/employee	**3.84**	3.13

Note:

4. 0.07 tonnes of paper recycled was deducted.

A2. Use of Resources

The Group actively promotes the effective use of resources, and monitors the potential impact that its business operations brought to the environment. The Group promotes green office and environmental-friendly operation through the four basic principles of waste reduction "Reduce, Reuse, Recycle and Replace" so as to minimize the environmental impact by the operation of the Group and its subsidiaries. As stated in aspect A1, the Group has formulated relevant environmental management policies and procedures to manage the use of water, electricity, diesel and petrol. The Group also focuses on the management of the major energy consuming equipment, and standardizes the operational flow and process to consume energy effectively.

Energy Management

During daily production operation, the Group's major energy consumption is electricity consumption due to operation, and petrol and diesel consumed by company vehicles. The Group has formulated policies and procedures to achieve the goal of electricity saving and efficient use of electricity. Specific measures are as follows:

- Use energy-saving equipment in offices, and gradually replace outdated equipment with energy-certified equipment;
- Forbid the use of high energy-consuming electrical appliances, such as electric heaters, electric kettles, refrigerators, etc., to avoid overloading of electricity;
- Employees should turn off all self-owned electrical appliances when they leave office;
- Switch off lights, air conditioners, computers and other office equipment in the office area, conference rooms and corridors when not in use to avoid wastage;
- Prohibit employees to stay in the office area during non-office hours unless necessary so as to avoid power waste;
- Encourage employees to switch off their computers (host or monitor) when they leave the office for a long period of time, and they should set the computer to standby or suspension mode during lunch breaks;
- Use energy-saving or LED lights instead of traditional lights;
- Strictly regulate the use of air conditioners to avoid power waste; and
- Strengthen the maintenance and repair of equipment, maintain the electronic equipment in optimal state to use electricity effectively.

Besides, the Group promotes the awareness of energy conservation and environmental protection to employees by posting power-saving slogans. Through these energy saving measures, employees' awareness on energy saving has been enhanced. As the Group suspended the use of one private car during the Reporting Period, the direct energy consumption of the Group has significantly decreased. During the Reporting Period, the total energy consumption was reduced by about 3% from approximately 1,082.44 MWh in 2020 to approximately 1054.54 MWh in 2021. The Group's energy consumption performance was as follows:

Types of Energy	Unit	2021	2020
Direct energy consumption	MWh	**231.95**	350.52
Diesel	MWh	**192.94**	233.03
Petrol	MWh	**39.01**	117.49
Indirect energy consumption	MWh	**822.59**	731.92
Purchased electricity	MWh	**822.59**	731.92
Total energy consumption	MWh	**1,054.54**	1,082.44
Intensity	MWh/square meter	**0.11**	0.14
	MWh/employee	**7.99**	6.37

Water Management

The Group's water use is mainly domestic water in the office area. The water supply managed by the Group includes toilet water and water for washing and cleaning. The Group encourages all employees and customers to develop the habit of saving water consciously. The Group has been strengthening water-saving promotions, posting water – saving slogans and guiding employees to use water reasonably. Through these water conservation measures, employees' awareness on water conservation has been enhanced. During the Reporting Period, the total water consumption increased significantly by about 95% from approximately 10,001.06 cubic meters in 2020 to approximately 19,455.06 cubic meters in 2021. This was due to the significant increase of total area of business and operation sites (approximately 27% increase from 7,624 square meters in 2020 to 9,695.35 square meters in 2021) and water-intensive practices for general cleaning and personal hygiene maintenance adopted by the Group to ensure the health and safety of our employees. During the Reporting Period, the Group's water consumption performance was as follows:

Indicator	Unit	2021	2020
Water consumption	cubic meters	**19,455.06**	10,001.06
Intensity	cubic meters/square meter	**2.01**	1.31
	cubic meters/employee	**147.39**	58.83

Due to the geographical location of the Group's operation, the Group does not have any issues in sourcing water that is fit for purpose.

Use of Packaging Materials

Since the Group's operations did not involve any industrial productions or factory facilities, and the packaging of agricultural products was managed by our suppliers, the Group did not directly consume a significant amount of packaging material.

A3. The Environment and Natural Resources

The Group focuses on the impact of its business on the environment and natural resources, and pursues the best practices for environmental protection. During the Reporting Period, the Group neither has any production bases nor operates businesses in relation to cultivation and production of agricultural products. The Group only operates businesses in wholesale and distribution of agricultural products. Therefore, the Group's business activities have no significant impact on the environment and natural resources. In addition to complying with environmental regulations and international standards to protect the natural environment, the Group also integrates the concept of environmental and natural resource protection into the internal management and operation activities so as to mitigate the environmental impacts produced by our operations and to achieve the goal of sustainable development.

Green Working Environment
The Group is committed to providing employees a comfortable and green working environment in order to enhance working efficiency. The Group maintains office order and environmental sanitation, and keeps the office area clean and tidy. The Group's relevant staff will inspect the office area to implement preventive measures management, while identify the problems and hidden dangers and solve the issues in a timely manner so to maintain a high standard working environment. On the other hand, the Group regularly monitors and measures the indoor air quality of the workplace. The Group maintains indoor air quality by various measures, such as installing air purification equipment in the workplace and regularly cleaning air conditioning systems to filter pollutants and dust.

A4. Climate Change

Climate change poses escalating risks and challenges to the global economy, and such risks will inevitably be spread to the agricultural and logistic industries. Operating businesses in wholesale and distribution of agricultural products, the Group recognizes the importance of identifying and mitigating any significant impacts brought by climate change. Pursuant to the international recommendations from Task Force on Climate-Related Financial Disclosures ("TCFD") established by Financial Stability Board, the management of the Group has evaluated and fully recognized the impact of climate-related risks on the Group's business and corresponding opportunities. Based upon the evaluation, the Group has formulated and implemented specific policies and measures to manage and review climate-related risks and to seize relevant opportunities.

With reference to the risk categorization by TCFD, the identified climate-related risks of the Group and corresponding actions taken to manage them are as follows:

Type	Climate-related risks	Potential Financial Impacts	Corresponding measures and policies
Transition Risk	Policy and Law	Increased cost of GHG emissions due to tightened regulations.	– The Group will regularly review relevant policy updates and assess their potential impact on the operation.
	Policy and Law	Increased cost of replacing vehicles due to higher emission requirements.	– The Group's transport vehicles are regularly maintained and inspected to ensure compliance with the statutory emission requirements. – The Group will increase the number of outsourced vehicles.
Physical Risk	Acute	Due to extreme weather, the Group's supply chain may be affected. For example, under the influence of rainstorm, typhoon, flood and other disasters, the crop production may decrease sharply in the short period of time, or the logistics may be blocked, thus disrupting the normal operation of the supply chain and the trade market.	– All Group members involved in distribution of products are required to install the real-time road information application on the phone before and during the distribution process. – The Group will formulate emergency plan in response to the adverse effect on the normal operation of the business which is brought by extreme weather conditions.
	Chronic	Increased costs due to increased demand for cooling and heating in the supply chain due to temperature change.	– Storing the agricultural products in styrofoam containers with built-in ice cubes to ensure quality during transportation.

Chaoda is also dedicated to systematically identifying opportunities created by climate change and determined to develop a low-carbon supply chain that is adaptable to climate-related risks and help enhance the adaptability and business value of the Group. The Group will continue to explore innovative cold chain technologies to improve the reliability of its technology and the overall adaptability to the warming climate, thus the food quality and customer safety can be maintained. Additionally, the Group will optimize the logistic routes and improve the efficiency of transport vehicles to reduce the operation and maintenance costs and improve the resource efficiency. Moreover, the Group is devoted to raise the awareness of its employees in adapting to climate change along with the Group with the above measures regarding GHG emissions, water, energy, and waste management.

B. SOCIAL

B1. Employment

Human resource serves as the basis for the continuous development of the Group. The Group's success relies heavily on the ability to attract, develop and retain employees. The Group adheres to the people-oriented principle, respects and protects the legitimate rights and interests of each employee. The Group also regulates labor employment management, safeguards employees' occupational health and safety, strengthens democratic management, safeguards the interests of employees, and fully respects and values employees' enthusiasm, initiative and creativity so as to build a harmonious labor relationship. A series of relevant human resources management policies has been established to provide employees with a healthy, happy and positive working atmosphere and to guide them to actively integrate their personal pursuits into the long-term development of the Group.

The Group strictly complies with relevant laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Hong Kong Employment Ordinance. During the Reporting Period, the Group was not aware of any material violations of human resources-related laws and regulations which had a significant impact on the Group.

Employment Practices

Remuneration and Benefits

The Group has established a fair, reasonable and competitive remuneration system that provides compensation to employees based on the principles of fairness, competition, incentives, rationality and legality. Employees' salaries are composed of basic salary, performance bonus, overtime pay, wage for seniority, food subsidy, full attendance award, position subsidy, and various subsidies and bonuses. In addition, the Group annually evaluates the macroeconomic factors such as national policies and price standards, industry and regional salary levels, changes in the Group's development strategies, and its overall benefits, so as to adjust the employees' compensation accordingly.

The Group signs and executes labor contracts with every employee in the Mainland China in accordance with the Labor Contract Law of the People's Republic of China. The signing rate of the labor contracts is 100%. The Group pays "five social insurance and one housing fund" for its employees in the Mainland China in compliance with the laws and regulations, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund to ensure that employees are covered by social insurance.

The Group earnestly safeguards the legitimate interests of labor in accordance with the requirements of the laws and regulations including the Labor Law of the People's Republic of China and the Hong Kong Employment Ordinance, respects the employees' rights for various types of rest times, leave and holidays. The Group implements the paid leave system for employees in accordance with the Regulation on Paid Annual Leave for Employees and other relevant laws and regulations. Meanwhile, overtime wage is paid for employees' exceeding statutory working hours.

Recruitment, Promotion and Dismissal

The Group has established and continuously improve the talent recruitment system, and actively implements the strategy of strengthening the Group with talents. In the recruitment process, the Group standardizes the recruitment procedures and adheres to the principles of morality, knowledge, ability, experience and physique suitable for the position, as well as the principles of openness, fairness, competition and merit, so as to continuously attract and recruit outstanding talents.

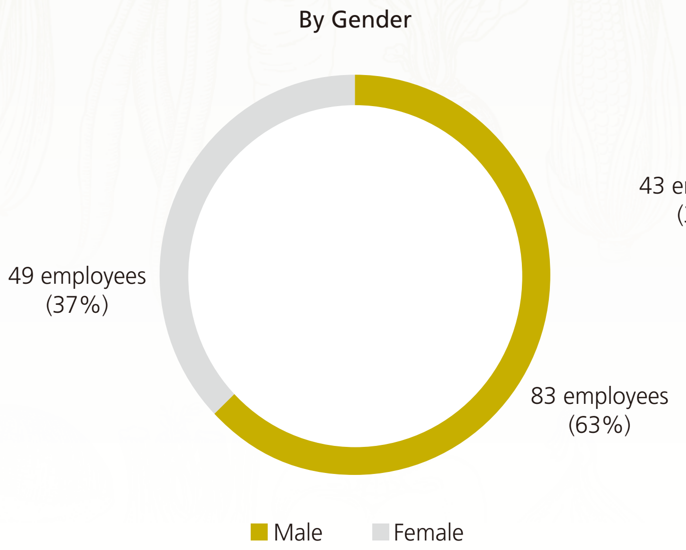
The Group classifies employees into different categories for managing. The Group standardizes the requirements and process for promotion, transfer and downgrade management, and the resignation process to protect the interests for both employees and the Group. The Group implements a fair and open assessment system, provides employees with opportunities for promotion and development in accordance with their work performance and internal assessment results so as to explore their potential capability. The internal assessment is based on the employees' meritocracy, performance and talents, position requirement, and the principle of openness, fairness, competitiveness and merit.

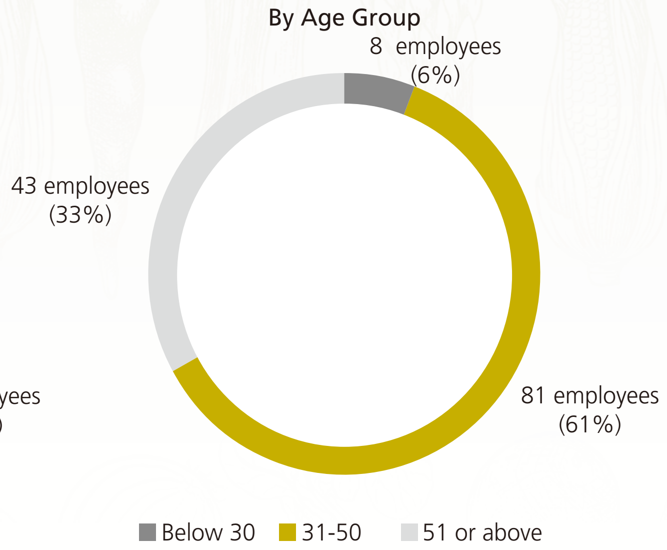
Besides, the Group does not tolerate the dismissal of employees under any unreasonable basis. The dismissal process will only be carried out on a reasonable basis, and issues will be fully communicated before formal dismissal.

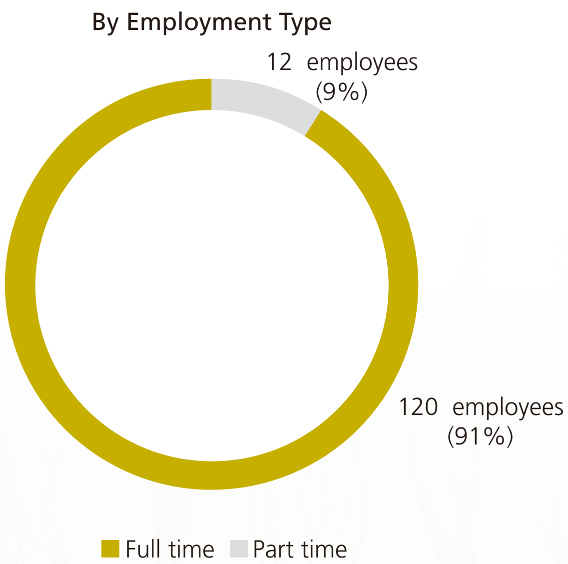
Equal Opportunities and Anti-discrimination

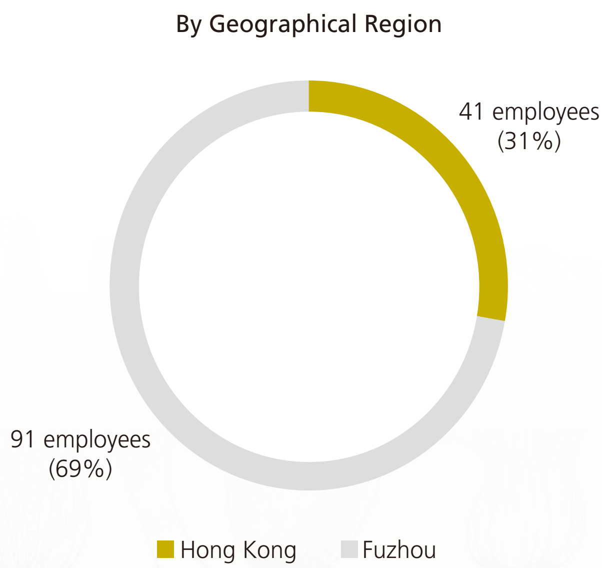
The Group strictly complies with all national and local governmental laws and regulations by adopting a fair, equitable and open recruitment process, and developing relevant policies to prevent discrimination in the recruitment process to ensure no discrimination regardless of race, social status, religion, nationality, disability, age, marital status, gender, pregnancy, sexual orientation, trade union membership or political association. This allows employees to enjoy fair treatment in every aspect including recruitment, remuneration, training, promotion, dismissal, retirement or other aspects in relation to employment so to attract professionals with diverse backgrounds to join the Group. Any employee who is intimidated, humiliated, bullied or harassed (including sexual harassment) may report to the employee's representative, or file complaints directly to the management representative or the general manager, and the Company will seriously resolve these issues in a timely manner upon receiving the said complaints.

As at 30 June 2021, the Group had a total of 132 employees. Employees' breakdown by gender, age group, employment type and geographical region were as follows:









During the Reporting Period, a total of 68 employees left the Group. Employee turnover rates by gender, age group and geographical region were as follows:

	Turnover rate
By Gender	
Male	45%
Female	63%
By Age Group	
Below 30	175%
31-50	54%
51 or above	23%
By Geographical Region	
Hong Kong	15%
Fuzhou	68%

B2. Health and Safety

The Group highly values employees' health and safety, and is always committed to providing employees with a healthy, safe and comfortable working environment. The Group strives to eliminate potential health and safety hazards in workplace, and implements health and safety policies and management in all aspects to ensure employees' health and safety during work.

The Group strictly enforces the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Fire Control Law of the People's Republic of China, the Hong Kong Occupational Safety and Health Ordinance and other relevant laws and regulations. During the Reporting Period, there were no work-related fatalities occurred in each of the past three years including the reporting year, hence no claims or compensation was paid to its employees due to such accident. The Group also did not record any reported cases of lost days due to work-related injuries, and was not aware of any material non-compliance with health and safety related laws and regulations which had a significant impact on the Group.

Health and Safety Management

The Group regularly audits and reviews safety issues in offices to ensure health and safety of its employees during its business operation. The Group actively encourages employees to report health and safety incidents and risks identified. The information that the Group gathered from proactive monitoring and the issues that the Group identified from the incident review will be used for further review and improvements for its training programs, policies and work practices.

The Group is also concerned with employees' work-life balance. The Group encourages employees to balance their work and life by organizing various cultural and recreational activities, such as cycling, badminton competitions, team development trainings. These activities can also allow employees to enhance team cohesion and deepen the understanding and communication between colleagues, so as to achieve higher working efficiency.

In response to the outbreak of COVID-19, the Group has taken certain actions to strengthen the health and safety precaution measures in the workplace to ensure the health of the employees. In addition to increasing the frequency of cleaning and disinfection of office and processing centers, the Group also requires employees to wear surgical face masks in the office area and check their body temperature before going to work. The Group has provided employees with anti-epidemic supplies, such as thermometers and hand sanitizers, and provided guidelines for employees on the disposal of surgical face masks to ensure correct disposal of masks after use. Besides, the Group also arranged employees to work from home or on shift to avoid infection during the severe period of the epidemic. The Group has strictly complied with the guidelines and announcements of epidemic prevention in Hong Kong and the Mainland China, and is committed to providing employees with a healthy and safe working environment.

Occupational Safety Training

The Group protects the health and safety of employees through training, multi-form promotions, emergency drills and regular safety inspections, etc. The Group also holds lectures and provides professional counseling from time to time to raise employees' attention on their physical and mental health, thus improving the physical and mental qualities during the work. At the same time, the Group provides medical examinations to its employees annually to care for their health.

The Group has developed a fire safety system in accordance with the Fire Control Law of the People's Republic of China and the Provisions on the Supervision and Administration of Fire Protection of Construction Projects, and conducted fire drills to enhance the fire safety awareness of all employees and improve the Group's fire evacuation plan. In addition, the Group has first aid kits and fire extinguishers at workplaces to deal with emergencies. The Group will invite fire experts to enhance the fire safety knowledge for employees to raise their awareness on fire safety.

B3. Development and Training

The Group attaches great importance to the establishment of internal management training and development system. Through diversified training modes such as on-the-job training, management personnel training, technical personnel training and pre-job training, the Group enhances the skills and ability of employees to meet the requirements and needs of different positions and levels. These trainings also enable the employees to continually provide high-quality services in helping the Group's sustainable development while improving employees' personal growth and development.

Training Management

The Group has developed relevant training procedures to standardize the management of employees' training. Management will adjust training plans every year and update the corporate training files. The Group's approaches towards training management include:

- Develop suitable training plans and syllabuses;
- Determine the content of the training material based on the type of training;
- Organize the management personnel, experienced technical personnel, or external expertise, to form a team of teachers; and
- Organize the training administrative staff to implement the training programs.

The Group's management regularly reviews the effectiveness of different training programs and courses to help improve the efficiency of the Group's training system. The Group also provides benefits to encourage employees to participate in external training courses. Based on the annual training program, the Group evaluates and monitors the implementation of its training courses in order to provide appropriate training courses for employees at different levels.

Training System and Curriculum

The Group's training system is categorized as pre-job training, on-the-job training and professional training.

New recruits will receive short-term pre-job training, and the contents include the introduction of the Group's history, enterprise spirit, operating strategy, professional knowledge, working environment and development prospects. At the same time, the Group introduces the forms of organization, responsibilities and working conditions of each department, and the various rules and regulations and precautions, as well as the nature, requirements and business characteristics of the occupation.

The Group also organizes on-the-job trainings for its employees. The Group focuses on cultivating technical talents with strong practical and operational skills. The Human Resources Department has developed a Mentor Scheme, recruiting and training technicians in a planned manner. With the help of existing technical force, employees can grow and integrate into the working environment more quickly. The Group arranges employees to attend skill trainings according to the needs of their position. At the same time, the Group invites external lecturers and senior management personnel to conduct management and technical trainings for department managers and technicians.

The Group also provides professional training for its employees according to the needs of the work including off-the-job training or assigns employees who require training to work in temporary positions or become assistants, so that they can learn from the leaders and experts with professional experiences. Results and achievements will be linked to their year-end assessment and promotion.

During the Reporting Period, the percentage of employees trained and average training hours by gender and employee category were as follows:

	Percentage Trained	Average Training Hours
By Gender		
Male	46%	4.92
Female	54%	8.00
By Employee Category		
Senior	14%	8.63
Middle	40%	21.07
General	46%	3.27

B4. Labor Standards

Prevention of Child Labor and Forced Labor

The Group complies with laws on employment of teenagers under the age of 16 and their legal rights including the Labor Law of the People's Republic of China, the Regulations on the Prohibition of the Use of Child Labor in the People's Republic of China and the Hong Kong Employment Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations related to the prevention of child labor and forced labor which had a significant impact on the Group.

The Group strictly prohibits the employment of child labor and forced labor in its operations in the Mainland China and Hong Kong. Chaoda requires all new employees to provide true and accurate personal information when they join the Group. Recruiters strictly review the information provided including medical certificate, academic certificate, ID card, household registration and other information. The Group has a well-established recruitment process to check the background of candidates and a formal reporting procedure to deal with any exceptions. It also conducts regular reviews and inspections to prevent any child labor or forced labor in its operations. In circumstances where any individual below the legal working age or forced labor is hired, corrective action will be taken immediately to rectify the situation, by terminating the employee and reporting to the relevant Government departments.

In addition, employees of the Group working overtime are based on voluntary principle to avoid the violation of labor standards and safeguard the rights and interests of employees. The Group also prohibits any punitive measures, management methods and behaviors such as abusive, corporal punishment, violence, mental stress, sexual harassment (including inappropriate language, posture and physical contact). At the same time, the Group also refrains from appointing sellers and contractors who are aware of child labor or forced labor in their operations to provide administrative supplies and services for the Group.

B5. Supply Chain Management

Being a socially responsible corporate, Chaoda highly values the management of potential environmental and social risks of the supply chain. The Group strives to establish and maintain a close business relationship with its suppliers. All suppliers are evaluated carefully and subjected to regular monitoring and assessments. The Group has established a rigorous and standardized procurement system and supplier selection polices, and also imposed the relevant environmental and social risks control requirements on suppliers.

Suppliers' Quality Review

To ensure the quality of the Group's agricultural products, the Group has a complete set of control procedures for the procurement process and adheres to the following principles when selecting suppliers:

- Aligning product quality with the national or industry standards or the requirements of the Group;
- Setting competitive and reasonable product prices;
- Ensuring sufficient production capacity and supply capacity to meet the production needs of the Group; and
- Comparing and selecting the one with the best quality and price.

The Group will evaluate and select suppliers based on product quality, price, supply capacity, after-sales service, etc., and qualified suppliers will be listed in the Qualified Supplier List. The Group also conducts review on the suppliers in the Qualified Supplier List annually. Suppliers who fail to meet the Group's criteria are either being suspended or excluded from the Group's Qualified Supplier List.

Suppliers' Environmental and Social Risk Review

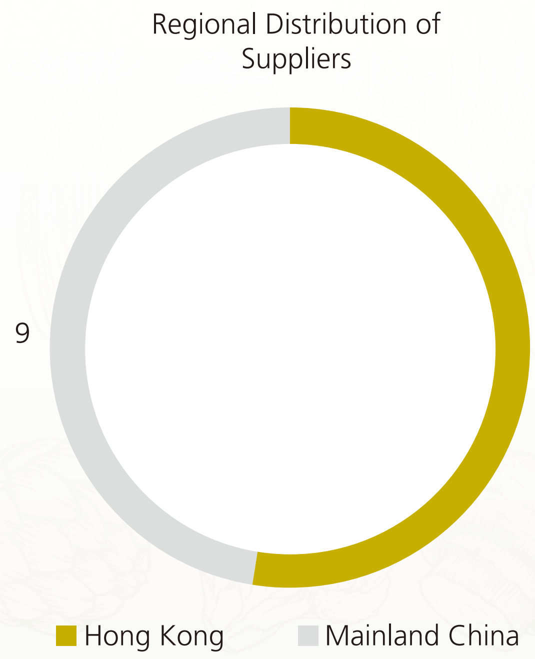
The Group expects suppliers to meet its standards in terms of environment, quality, society, corporate governance, business ethics, etc. Chaoda has developed relevant policies on environmental, social and ethical standards that require suppliers to review environmental and social risks of their operation and business, including operational compliance, human rights protection, employee safety and health, social responsibility, business ethics and environmental protection.

The Group will also take measures to review whether its suppliers are in compliance with relevant laws, regulations and other standards for health, safety, forced labor and child labor so as to examine suppliers' awareness on these aspects. Any material violation of environmental or other social laws and regulations may also lead to the termination of supplier contracts. Additionally, the Group prioritizes local procurement and suppliers that use environmentally preferable products and services during the selection process. Through the above review procedures, the Group is able to minimize the potential environmental and social risks in the supply chain. The Group will continue to review its supply chain periodically with regard to their performance and environmental and social standards.

Fair and Open Procurement

The Group strictly complies with relevant provisions of the Bidding Law of the People's Republic of China and the procurement process is conducted in an open, fair and equitable condition. The Group will not discriminate against any suppliers, and does not allow any forms of corruption or bribery. Employees and other individuals with interest in the suppliers will not be allowed to participate in relevant procurement activities. The Group stresses heavily on the integrity of its suppliers and will only select suppliers who have a good track record in the past and have no serious violations of business ethics.

During the Reporting Period, the Group had a total of 19 key suppliers, its regional distribution was as follows:



B6. Product Responsibility

Chaoda keeps communicating with its customers to ensure that it understands and meets the needs and expectations of its customers, and wishes to obtain customer's satisfaction so as to enable the Group to continuously improve the quality of its products. The Group strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China, the Interim Measures for the Administration of Internet Advertising, the Product Quality Law of the People's Republic of China, the Hong Kong Trade Description Ordinance and other laws and regulations related to consumer protection. During the Reporting Period, the Group was not aware of any material non-compliance on the laws and regulations related to the quality of products and services which had a significant impact on the Group.

Product Quality and Safety

Chaoda regards food safety as its most important aspect in operation. The Group has a comprehensive quality traceability system that implements real time management of agricultural input quality records, planting records, processing records, sales records and inspection and testing records. Most of the Group's products are tagged with a source code before sending to market. Consumers can check relevant planting and testing records anytime through the source code by achieving quality and safety traceability. From the initial product "ID card" to the traceability bar code, to today's electronic QR code, the Group continues to innovate and provide consumers with "seeable" security guarantee. Consumers can use mobile phones to easily retrieve relevant traceability information by scanning the QR code. The Group also has a professional testing laboratory to conduct various safety tests on agricultural products to ensure product safety.

To further mitigate risks related to food safety, the Group continuously improves its emergency response mechanisms. Our quality traceability system ensures that we can respond quickly to review product recalls should they occur. Once the recall is confirmed to be initiated, the relevant function is responsible for implementing the procedures and overseeing the process of recalling the products. During the Reporting Period, the Group had no products which were subjected to any recalls for safety and health reasons.

Customer Services and Privacy

The Group provides quality and warm service experience to consumers through standardized service quality, humanized service process and standardized service management. Customers can file complaints through mail, phone or in person. The Group will process and record the complaint with dedicated personnel and facilities, and keep the process and record confidential to protect the interests of all parties involved to ensure that the complaint process is conducted fairly and recorded properly. The Group has established a relevant function to handle complaints, which is responsible for explaining the complaint process to the complainant, conducting detailed investigation and root cause analysis, conducting in-depth fact finding, actively monitoring and managing the complaint process, coordinating and communicating with the parties involved. Additionally, this functional personal is required to accurately record all relevant results in a confidential manner and properly respond to the complaints.

The Group requires each complaint to be properly submitted and processed through the relevant function, and prohibits employees to reach private settlement with the complainant to ensure that the Group can accurately receive feedback from customers which serves as an essential basis for enhancing the quality of business operations. The Group considers customer complaint as an important part of continuous improvement of its quality management. Chaoda is committed to understanding the facts and root causes of each customer's complaint, identifying responsible parties and areas for improvement, making recommendations and ensuring that relevant departments has made necessary improvements in order to enhance the quality of the Group's services, to enable customers' loyalty to the Group's services and to retain a customer base for promoting the future development of the Group.

During the Reporting Period, the Group received no cases of product or service-related complaints.

The Group is also committed to maintaining and protecting personal data and strictly adheres to regulatory requirements of data privacy through the implementation of a high standard of security and confidentiality. The Group has established internal policy for collecting and handling personal data received. In accordance to the Group's data protection principles, it adheres to the Privacy Policy Statement and enable its customers to ascertain the general policies and practices in relation to the collection, storing and use of individual personal data. Furthermore, in accordance with the Group's information protection principles, it adheres to the Personal Information Collection Statement in collecting personal information from individuals to notify its customers on certain matters in relation to specific collections of their personal information. The Group will not use or provide personal data for marketing purposes unless it has obtained the customer's written consent. Meanwhile, the Group adopts protective measures to prevent unauthorized use of personal data.

Intellectual Property ("IP") Rights

Despite IP Rights is not considered as a material ESG aspect of the Group due to the business nature of the Group, the Group has established relevant policy to govern the information technology management within the Group. Also, the IT Department is responsible for obtaining proper licenses for software, hardware and information the Group uses in its business operation. Duplication or downloading of software from the internet must be approved by relevant departments. Furthermore, we closely monitor the infringement actions in the market and prevent any infringement behavior, such as counterfeit trademarks. The Group regularly monitors to ensure that IP rights are not being infringed upon.

Advertising and Labelling

The Group understands the risks inherent in food labelling. The Group has developed a product labelling system in accordance with the Trade Descriptions Ordinance and Food and Drugs (Composition and Labelling) Regulations and other relevant laws and regulations, and strictly regulates and inspects all labelled products to ensure the description and information are consistent with the actual product. Under inspection and verification, the Group ensures that its labels will not have false descriptions, misleading or incomplete information, false marks and false statements so as to protect the interest of consumers.

Due to the business nature, the Group conducts limited advertising activities, hence is not involved in any material advertising related matters.

B7. Anti-corruption

The Group believes that the corporate integrity is key to its continued success. Therefore, the Group attaches great importance to anti-corruption work and the construction of anti-corruption system, and is committed to building a clean, open and transparent corporate culture. The Group strictly complies with the Company Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Hong Kong Prevention of Bribery Ordinance and the other relevant laws and regulations.

During the Reporting Period, our directors and employees were given anti-corruption training. The training familiarized the board and different levels of staff with their corresponding role and responsibility regarding anti-corruption and business ethics under applicable laws and regulations. Additionally, the Group was not aware of any material non-compliance with related laws and regulations on the prevention of bribery, extortion, fraud and money laundering which had a significant impact on the Group, nor did it had any concluded corruption cases against the Group or its employees during the Reporting Period.

The Group does not allow any forms of corruption. Punishment measures will be taken once corruption is identified and confirmed. The Group has established a stringent internal control system and has set policies, systems and agreements on anti-corruption, such as the "Specific Provisions on Integrity Practices" and the "Agreement on Integrity and Cooperation", which all employees must comply with, including:

- All employees should avoid conflicts of interest in performing their professional functions. Those who engaged with, work as part-time for or receive remuneration from companies other than the Group should report to their respective Human Resources Department, and prove that they have no conflicts of interest with the Group and report to the Group's senior management for approval through the Human Resources Department. It can only be carried out or in effect after authorization is obtained from the Group's senior management;

- Employees shall not embezzle, steal, defraud or otherwise illegally encroach upon the property of the Group based on their working relationship or position, and shall not include individual expenses in the Group's business hospitality expenses, office expenses, travel expenses, etc.;

- Employees must not ask for or accept bribery or benefits from commercial units or individuals that may harm the interests of the Group. It is not allowed to have reimbursement from any commercial unit or individual that may affect the interests of the Group for any expenses that should be paid by the Group or that individual;

- Employees must not obtain or provide benefits to customers, contractors, suppliers or those who have business relationships with the Group;

- Any valuable souvenirs received by the employees in participating in meetings and social activities representing the Group must be reported to the Group for registration and deal with the souvenirs according to the relevant policy of the Group; and

- For those who take advantage of their duties, engage in malpractices, misappropriate funds and accept bribes, the Group will transfer them to the judicial authorities.

Internal Control and Whistle-blowing Mechanism

The Group has established an anti-bribery and whistle blowing function. This function is responsible for establishing the overall framework of anti-bribery and anti-corruption policies and procedures, and guiding and supervising the implementation of the policies and procedures in all aspects of the Group's operations. The employees of the Group can report any suspected bribery and corruption incidents to the person in charge of the anti-bribery function when applicable. The anti-bribery function responsible personnel will then conduct further investigation and determine the appropriate course of action if necessary. The Group also values the potential of bribery and corruption in the procurement process, thus the Group has formulated the rules and regulations to govern it, which has been described in section "Fair and Open Procurement" in aspect B5.

B8. Community Investment

The Group believes giving back to society through participating in social activities and contributing to society is a form of corporate citizenship. Therefore, the Group always pays attention to the difficulties and needs of the society and the disadvantaged groups, and actively returns and contributes to society in promoting social harmony. During the Reporting Period, the Group donated RMB50,000 to the Baihua Village in Gansu Province and alleviated the poverty state of many villagers. The Group also actively cooperates with charitable organizations to organize social activities for the purpose of charity, and to establish a good public image while fulfilling social responsibilities. Over the years, the Group has established various forms of awards and funded programs, such as scholarships and bursaries, to encourage students in poor family with good academic performance to become professionals dedicated to the development of ecological agriculture.

Philanthropy Management
In order to promote the traditional virtues of selfless dedication and helping others, establish the trend of corporate poverty alleviation and caring for employees, as well as develop the corporate charity undertakings, the Group established the "Chaoda Love Foundation" since 9 February 2007. To strengthen the Group's management of philanthropy and further standardize the Group's donation behavior, the Group has implemented the "Regulations on the Chaoda Love Foundation" in accordance with the Company Law of the People's Republic of China and related laws and regulations. Such foundation is targeted to support groups including:

- The Group's employees at the grass root level who need special support and assistance, in particular employees who suffer from disability, major illnesses, and unbearable education burdens or are victims of major disasters;

- Employees of the Group who are loyal to the Group, work diligently and have special difficulties; and

- Other individuals or groups with special needs.

During the Reporting Period, the Group donated RMB200,000 to the Nanjing Agricultural University Education Development Foundation (the "Foundation") and RMB1,000,000 to Shenzhen National Spirit and China Development Research Center (the "Research Center"). The Foundation is committed to providing strong financial support for the Nanjing Agricultural University on its infrastructure construction, scientific research, team building, foreign exchange program, talents fostering, campus cultural construction and other projects related to the school development of the Nanjing Agricultural University, and promoting its construction and development to become a world-class agricultural university while the Research Center carries out various non-profit public welfare activities.

In the future, the Group plans to strengthen the Group's support in charity through different means, such as donations and holding charity activities in order to fulfill the responsibility as a corporate citizen.

Social Responsibility Education
Chaoda wishes to create a sense of social responsibility among its employees. Therefore, the Group always encourages employees to participate in charitable activities during their work and private time to make greater contributions to the community. The Group has also arranged employees to participate in environmental charity activities, donations and social services. Chaoda believes that by participating in activities that contributes to the community, the Group can enhance the civic awareness of its employees and establish correct values for them.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	THE ESG GOVERNANCE STRUCTURE
Reporting Principles	REPORTING FRAMEWORK
Reporting Boundary	REPORTING SCOPE

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Emissions control and Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Emissions control and Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable – Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ENVIRONMENT
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENT
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not applicable – Explained Environment
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Green Working Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI. A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employment – Employee Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employee Practices
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety – Health and Safety Management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards – Prevention of Child Labor and Forced Labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards – Prevention of Child Labor and Forced Labor
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Fair and Open Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management – Suppliers' Quality Review
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Suppliers' Environmental and Social Risk Review
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Suppliers' Environmental and Social Risk Review
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Product Quality and Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Customer Services and Privacy
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Internal Control and Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Philanthropy Management
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Philanthropy Management

Profiles of Directors and Senior Executives

EXECUTIVE DIRECTORS

Mr. KWOK Ho, aged 66, is the founder of the Group and is also the Chairman of the Board, the Chief Executive Officer (the "CEO") and a member of the Nomination Committee of the Company. Mr. Kwok is also a director and the legal representative of some of the subsidiaries of the Company. Mr. Kwok is primarily responsible for the formulation and deployment of the overall strategy of the Group. He holds an Honorary Doctor of Business Administration and has over 35 years of experience in commercial trading in the PRC, particularly in the areas of strategic planning, management, business development, product strategy, sales and marketing. Mr. Kwok was granted by the Fujian Provincial Committee and People's Government of Fujian Province the award of "Outstanding Contribution Entrepreneur of Fujian Province" for two consecutive terms, and was named "Model Worker of Fujian Province" and "Fujian Province First of May Medal Winner". Mr. Kwok is a member of the Ninth and the Tenth Fujian Provincial Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the Eleventh National Committee of CPPCC, Chairman of China Food Safety Alliance, Officer of China Green Food Association Food Safety Integrity Professional Committee, the Vice President of China Association of Agricultural Leading Enterprises, the Deputy Chairman of Integration of Primary, Secondary and Tertiary Industries Development Alliance, Branch President of China Vegetable Marketing Association, and Presidents of Fujian Agricultural Industrialization Leading Enterprise Association.

Mr. KUANG Qiao, aged 50, joined the Group in 1996 and was appointed as an executive director of the Company on 1 September 2003. He is also a member of the Nomination Committee of the Board and the Vice President of the Group. Mr. Kuang is primarily responsible for the new business development and new project research management of the Group. He graduated from the Faculty of Horticulture of Nanjing Agricultural University in 1992 with a bachelor's degree in agriculture (majoring in vegetables). Mr. Kuang has more than 26 years of experience in the agricultural industry.

NON-EXECUTIVE DIRECTOR

Mr. IP Chi Ming, aged 60, was formerly an executive director of the Company until 8 January 2010 when he was re-designated as a non-executive director of the Company. Mr. Ip is a director of some of the subsidiaries of the Company. Mr. Ip has over 30 years of experience in trading and marketing in the food products industry as well as extensive experience in corporate strategic planning, overall management, business development, sales and marketing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FUNG Chi Kin, aged 72, has been an independent non-executive director of the Company since September 2003. He is also the Chairman of the Remuneration Committee and Nomination Committee as well as a member of the Audit Committee of the Board. Mr. Fung is the Honorary Permanent President of The Chinese Gold & Silver Exchange Society, and the director of Fung Chi Kin Consulting Limited. He was conferred on an Honorary Senior Fellowship by Asian College of Knowledge Management. Mr. Fung has over 40 years of experience in banking and finance. Prior to his retirement, he was the director and the Deputy General Manager of Po Sang Bank Limited (merged into Bank of China (Hong Kong) Limited in 2001), the Managing Director of BOCI Securities Limited and the Chief Administration Officer of BOC International Holdings Limited. From October 1998 to June 2000, Mr. Fung served as a Council Member of the First Legislative Council of the HKSAR. He also held offices in various public organisations and was the Vice Chairman of The Stock Exchange of Hong Kong Limited, the director of Hong Kong Futures Exchange Limited, the director of Hong Kong Securities Clearing Company Limited and Hong Kong Affairs Advisor. Mr. Fung is currently an executive director of LOCO Hong Kong Holdings Limited (stock code: 8162) and China Trustful Group Limited (stock code: 8265), which he also served as an executive director from September 2014 to May 2017, both listed on GEM Board of The Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of Geotech Holdings Limited (stock code: 1707) from September 2017 to July 2020, which is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Fung was appointed as a non-executive director of Sang Hing Holdings (International) Limited (Stock Code: 1472), the shares of which are listed on the Main Board of the Stock Exchange, since July 2018 and Poly Property Group Co., Limited (Stock Code: 119), the shares of which are listed on the Main Board of the Stock Exchange, since May 2021. Mr. Fung was an independent non-executive director of China Overseas Nuoxin International Holdings Limited (Formerly known as Kenford Group Holdings Limited) (stock code: 464), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited, from August 2017 to April 2019.

Mr. TAM Ching Ho, aged 50, has been an independent non-executive director of the Company since September 2003. He is also the Chairman of the Audit Committee as well as a member of the Remuneration Committee and Nomination Committee of the Board. Mr. Tam is a certified public accountant (practicing) registered with Hong Kong Institute of Certified Public Accountants (the "HKICPA"). He has previously worked in a reputable international accounting firm for about eight years and specialised in providing assurance services for pre-listing, listed and multinational companies. He has also held senior positions in several companies, including mainly the financial controller of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited and another company listed on the Main Board of the Singapore Exchange Securities Trading Limited for a total of about seven years. Mr. Tam has accumulated extensive experience in corporate finance and administration, listing compliance, investor relations, accounting and auditing. Mr. Tam holds a bachelor's degree of arts with honours in accountancy. He is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants. Mr. Tam is currently an independent non-executive director of Xinyang Maojian Group Limited (Formerly known as China Zenith Chemical Group Limited) (stock code: 362), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Professor LIN Shun Quan, aged 66, has been an independent non-executive director of the Company since November 2000. Professor Lin received his doctorate degree in agriculture from Fujian Agricultural and Forestry University and had further studies at Saga University in Japan in 1988 and 1996. He was appointed as professor and head of the College of Horticulture, South China Agricultural University, and was appointed as professor of Putian University. He has extensive experience in the agricultural industry in the PRC.

SENIOR EXECUTIVES

Mr. CHEN Jun Hua, aged 53, joined the Group in 2002. Mr. Chen is the Vice President of General Affairs of the Group, mainly responsible for assisting the CEO in project management tasks. Mr. Chen graduated from China Agricultural University with a bachelor's degree in agriculture (majoring in protection of agricultural environment). Thereafter, he received a master's degree in agricultural extension from Chinese Academy of Agricultural Sciences (majoring in rural and regional development). Mr. Chen is a Senior Economist and has over 28 years of experience in agricultural and administrative management.

Mr. Yeung Man Chit, aged 48, joined the Company as the Financial Controller and Company Secretary in May 2019. Mr. Yeung is primarily responsible for financial management, assisting in effective operation of the Board and facilitating the compliance with the Listing Rules and other regulations applicable to the Group. Mr. Yeung is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experience in auditing, finance, accounting functions and corporate compliance for listed companies.

Mr. YANG Jin Fa, aged 45, joined the Group in 1999. Mr. Yang is Secretary of the Party Committee of the Group, the Vice President and the General Affairs Vice President of the strategic planning department of the Group. Mr. Yang is mainly responsible for the strategic planning, business operation, corporate planning and promotion and other related management tasks. Mr. Yang graduated from Fujian Agricultural and Forestry University (majoring in economics and management) and is a Senior Economist. He has extensive experience in policy planning, media management, marketing, and production base management.

Mr. CHEN Jin Wei, aged 39, joined the Group in 2006. Mr. Chen is the Vice President of the Group. He is mainly responsible for the product planning and production management. Mr. Chen graduated from the Fujian Agricultural and Forestry University in 2006 with bachelor's degree in Agriculture and bachelor's degree of Management (double bachelor's degree). He obtained a master's degree in agricultural promotion in 2014. He has extensive experience in production base operation and production management.

Mr. XU Fu Le, aged 44, joined the Group in 1999. Mr. Xu is the Vice President and the Vice President of the technology research centre of the Group. Mr. Xu is mainly responsible for the Group's base development and technology research and development planning. Mr. Xu graduated from Anhui Agricultural University with a master's degree in soil and chemistry. He is currently a senior agronomist. Mr. Xu has extensive experience in agricultural production and technology research and development, project planning and management.

Mr. WANG Long Wang, aged 56, joined the Group in 2000. Mr. Wang is the Vice President of the Group and is mainly responsible for production base management, technology research and development, and marketing and management of products of each base. Mr. Wang graduated from the Department of Horticulture of Nanjing Agricultural University with a bachelor's degree in Agriculture in 1985. Prior to joining the Group, he worked in vegetable production management and research and development in the Fujian Vegetable Office and the Fuzhou Vegetable Science Research Institute. He has been sent to Thailand, Jamaica and other countries to study and work, and has more than 31 years of extensive experience in agricultural industry.

Mr. SONG Li Feng, aged 46, joined the Group in 2000 and held position in financial accounting. He was the Finance Manager of the Group from 2004 to 2013, and thereafter, he was promoted to be assistant of Vice President of Finance of the Group. In May 2017, he was appointed as the Vice President of Finance Department of the Group. Mr. Song graduated from Fuzhou University (majoring in finance) and has over 19 years of extensive experience in accounting.

Mr. MA Yu Si, aged 42, joined the Group in 2001. Mr. Ma is the Vice President of the Group and Chairman of the Labor Union. Mr. Ma graduated from Minjiang University with a major in computer science in 2001. He is mainly responsible for the information technology network, engineering, administration and property related management of the Group.

Mr. HE Can De, aged 57, joined the Group in 2000. Mr. He is the Vice President of the Group, responsible for production and management of the bases of the Group. Mr. He graduated from Fujian Zhang Zhou Health and Hygiene School. Mr. He has extensive experience in the management of production bases, construction and planning of investment projects, product development and sales.

Mr. LU Hong Qi, aged 40, joined the Group in 2004. Mr. Lu is the Vice President of the Group, responsible for projects planning and management of the Group. Mr. Lu received his master's degree from Fujian Agricultural and Forestry University and is an Economist. He has extensive experience in agricultural industrialization management and project planning and management.

Mr. LU Yun Tian, aged 43, joined the Group in 2006. Mr. Lu is an assistant to the President of the Group. He is responsible for agricultural product processing and quality management. Mr. Lu received his master's degree in agriculture from Fujian Agricultural and Forestry University and with specific training over agricultural product processing and quality management. He has extensive experience in agricultural product processing and quality management.

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the Company's principal subsidiaries are set out in note 31 to the consolidated financial statements.

An analysis of the Group's revenue for the financial year ended 30 June 2021 is set out in note 5 to the consolidated financial statements.

FINANCIAL RESULTS

Financial results of the Group for the financial year ended 30 June 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 76 to 77.

BUSINESS REVIEW

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the financial year ended 30 June 2021 are set out in the "Chairman Statement" and "Management Discussion and Analysis" sections respectively on pages 4 to 8 of this annual report.

Key risks and uncertainties

A nature disaster, catastrophe or other acts of God, which are beyond our control, could materially adversely affect the environment, infrastructure and livelihood of people in the regions where we operate. The Group's agricultural produce and livestock businesses are, by nature, subject to a high degree of exposure to the risks of natural disasters and adverse weather conditions such as droughts, flood, windstorms, frost and pests.

The financial risk factors are set out in note 34 to the consolidated financial statements.

Environmental policies and performance

The core values of Chaoda are sustainable development, harmony and win-win so as to establish green ecological industrial chain as "Chaoda Mode". Our motto is "Follow the Green Way and Create Ecological Civilization". Agriculture generally represents a significant portion of environmental issue. Therefore, Chaoda endeavors to rely on a modern and scientific understanding of ecology and soil science, while also integrating traditional agricultural know-how.

Details of the Group's policies and performances in environmental protection are set out in the "Environmental, Social and Governance Report" on pages 21 to 53 of this annual report.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. During the financial year under review and up to the date of this report, to the best knowledge of the Company, there was no material non-compliance with the laws and regulation that has a significant impact on the business and operations of the Group.

Relationships with employees, customers, suppliers and others

An account of the Group's relationships with its employees are set out in the "Environmental, Social and Governance Report" on pages 21 to 53 of this annual report.

The Group understands the importance of maintaining good relationship with its suppliers and customers to meet its immediate and long-term goals, so the Group commits to providing high quality services to customers and developing mutual trust with suppliers. During the financial year under review, there were no material and significant disputes between the Group and its suppliers and/or customers.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 134 of this annual report.

DIVIDENDS

The directors do not recommend the payment of dividend for the financial year ended 30 June 2021 (2020: Nil).

RESERVES

Movements in reserves of the Group and the Company during the financial year under review are set out in the consolidated statement of changes in equity and notes 27 and 36 to the consolidated financial statements. The reserves of the Company available for distribution to shareholders as at 30 June 2021 amounted to RMB783,428,000 (2020: RMB643,435,000).

DONATIONS

Donations made by the Group during the financial year under review amounted to approximately RMB1,250,000.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the financial year under review are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

As at 30 June 2021, the Company has issued ordinary share capital of 3,295,582,491 shares. Details of the share capital of the Company are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of the Cayman Islands, the jurisdiction in which the Company is incorporated.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the financial year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The directors of the Company during the financial year under review were:

Executive Directors	Mr. Kwok Ho *(Chairman)*	Mr. Kuang Qiao
Non-executive Director	Mr. Ip Chi Ming	
Independent Non-executive Directors	Mr. Fung Chi Kin Professor Lin Shun Quan	Mr. Tam Ching Ho

Particulars of the directors' remuneration during the financial year under review are set out in note 13 to the consolidated financial statements.

In accordance with Article 116A of the Company's Articles of Association, Mr. Kwok Ho, Mr. Fung Chi Kin and Mr. Tam Ching Ho shall retire by rotation at the forthcoming annual general meeting (the "2021 AGM") and being eligible, offer themselves for re-election.

No retiring directors proposed for re-election at the 2021 AGM have an unexpired service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2021, the interests and short positions 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 SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in 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 Corporate interests (Note)	2,028,000 643,064,644	645,092,644	19.57%

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: Starting		Exercisable period: Ending	Exercise price HK$	Number of share options: Balance as at 01/07/2020	During the financial year under review: Granted	During the financial year under review: Lapsed	Balance as at 30/06/2021
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. 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

Save as disclosed above, as at 30 June 2021, 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 year 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 30 June 2021, 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 held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note)	Beneficial owner	Long	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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float as required under the Listing Rules during the financial year under review and up to the date of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted at the end of the financial year under review or at any time during the financial year under review, and in which the directors and any entities connected with the directors had direct or indirect material interest, nor there was any other contract of significance in relation to the Company's business or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

In addition, the Company has arranged appropriate insurance cover in respect of legal action arising from the business of the Group against the directors of the Company.

EQUITY-LINKED AGREEMENTS

Apart from the share option schemes as set out in the section headed "Share Option Scheme" in this report, the Company neither entered into nor had any equity-linked agreements during the financial year under review.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the financial year ended 30 June 2021, none of the directors were interested in any business which competes or was likely to compete, either directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS

The Company did not have significant continuing connected transaction or connected transaction during the financial year ended 30 June 2021.

None of the related party transactions set out in note 29 to the consolidated financial statements constitutes discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

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 principal terms of the 2002 Share Option Scheme are summarised as below.

Purpose

The purpose of the 2002 Share Option Scheme is to enable the Board to provide incentive or reward to selected participants for their contribution and continuing efforts to promote the interests of the Company.

Participants

A Category A Participant refers to any director (whether executive or non-executive, including any independent non-executive director), or employee (whether full time or part time) of, or any individual for the time being seconded to work for, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

A Category B Participant refers to any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

A Category C Participant refers to (i) any business or joint venture partner, contractor or agent of, (ii) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to, (iii) any supplier, producer or licensor of any goods or services to, (iv) any customer, licensee or distributor of any goods or services of, or (v) any landlord or tenant of, any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder.

The participants shall include any company controlled by one or more persons belonging to any of the above categories of participants.

Maximum Entitlement

Without the approval of the shareholders of the Company in general meeting, the Board shall not grant options to a participant which would cause the aggregate number of shares already issued and to be issued upon exercise of options in any 12-month period up to the date of grant exceeding 1% of the shares in issue. In the event of a substantial shareholder of the Company or an independent non-executive director or any of their respective associates, any such grant is limited to 0.1% of the shares in issue and an aggregate value of HK$5 million basing on the closing price of the shares at the date of grant.

Basis of determining exercise price

The option price is determined by the directors provided always that it shall be at least the higher of (i) the closing price of the shares on the offer date, (ii) the average closing price of the shares for the five business days immediately preceding the offer date. The option price shall in no event be less than the nominal amount of one share.

Other terms

The share options granted under the 2002 Share Option Scheme can be exercised during a period commencing on or after the date of the grant and expiring on such date as the Board may determine in granting the share options but in any event not exceeding ten years from the date of grant. There is no general requirement that a share option must be held for any minimum period before it can be exercised. A consideration of HK$1 is payable upon accepting the offer of the grant. To exercise a share option, the participant has to, inter alia, tender the payment of the subscription price representing an amount equal to the option price multiplied by the relevant number of shares exercised under the option in full.

Number of shares available for issue

A scheme mandate representing 10% of the then issued share capital of the Company was approved at the time when the 2002 Share Option Scheme was adopted on 19 June 2002 (the "Scheme Mandate"). The Scheme Mandate was refreshed pursuant to a resolution of the shareholders of the Company passed on 14 February 2006. Following the expiry of the 2002 Share Option Scheme on 18 June 2012, the Scheme Mandate as refreshed (and to the extent which had not been utilised by the Company) is no longer available for use.

As at 30 June 2021, all of the share options granted under the 2002 Share Option Scheme were lapsed.

Share options granted were recognised as expenses of the Company in accordance with the accounting policy as set out in note 2.12(iii) to the consolidated financial statements. The determination of the fair value of the share options is also set out in note 26(a) to the consolidated financial statements.

During the financial year under review, details of the movements of the outstanding share options granted under the 2002 Share Option Scheme are set out below:

						Number of share options		
		Exercisable period						
Category of participants	Grant date	Starting		Ending	Exercise price HK$	Balance as at 01/07/2020	Lapsed during the financial year under review	Balance as at 30/06/2021
Directors								
Mr. Kuang Qiao	26/11/2010	26/11/2010	to	25/11/2020	6.430	2,000,000	(2,000,000)	–
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)	–
Employees								
in aggregate	26/11/2010	26/11/2010	to	25/11/2020	6.430	53,025,000	(53,025,000)	–
	26/11/2010	26/11/2011	to	25/11/2020	6.430	25,000	(25,000)	–
	26/11/2010	26/11/2012	to	25/11/2020	6.430	25,000	(25,000)	–
	26/11/2010	26/11/2013	to	25/11/2020	6.430	25,000	(25,000)	–
Other Participants								
in aggregate	26/11/2010	26/11/2010	to	25/11/2020	6.430	2,700,000	(2,700,000)	–
Total						61,300,000	(61,300,000)	–

Note: No share options have been granted or exercised or cancelled under the 2002 Share Option Scheme during the financial year under review.

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. The principal terms of the 2015 Share Option Scheme are set out as below.

Purpose

The purpose of the 2015 Share Option Scheme is to enable the Group to grant options to the eligible participants to recognise and reward their contributions and as incentives for retaining them for their contribution or potential contribution to the Group for the long-term growth and development of the Group.

Participants

(a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiary, or any entity (the "Invested Entity") in which any member of the Group holds any equity interest;

(b) any non-executive directors (including independent non-executive directors) of the Company, any of its Subsidiary or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the 2015 Share Option Scheme, the offer for the grant of option(s) may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

The total number of shares available for issue

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2015 Share Option Scheme and any other share option scheme of the Group) to be granted under the 2015 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 329,130,249, representing 10% of the issued share capital of the Company as at the Adoption Date of the 2015 Share Option Scheme. During the financial year ended 30 June 2021, a total of 252,360,000 share options were granted under the 2015 Share Option Scheme (excluded options which have lapsed).

Maximum entitlement of each participant

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2015 Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders of the Company in general meeting with such grantee and his close associates (or his associates if such grantee is a connected person of the Company) abstaining from voting.

Period within which the securities must be taken up under an option

An option may be exercised in accordance with the terms of the 2015 Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer for the grant of options but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

Minimum period for options to be held

Unless otherwise determined by the directors and stated in the offer to a grantee, there is no minimum period required under the 2015 Share Option Scheme for the holding of an option before it can be exercised.

Period and payment on acceptance of options

An option may be accepted by a participant within 21 days from the date of offer for the grant of the option. A nominal consideration of HK$1.00 is payable on acceptance of the grant of the option.

Basis of determining subscription price

The subscription price for shares under the 2015 Share Option Scheme shall be a price determined by the directors but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer for the grant; and (iii) the nominal value of a share.

Remaining life

The 2015 Share Option Scheme will remain in force for a period of ten (10) years commencing on 17 December 2015.

As at 30 June 2021, 248,080,000 share options granted under the 2015 Share Option Scheme remained unexercised and outstanding, which represents approximately 7.53% of the issued share capital of the Company as at the date of this report.

Share options granted were recognised as expenses of the Company in accordance with the accounting policy as set out in note 2.12(iii) to the consolidated financial statements. The determination of the fair value of the share options is also set out in note 26(b) to the consolidated financial statements.

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

		Exercisable period			Exercise price	Number of share options				
							During the financial period under review			
Category of participants	Grant date	Starting		Ending	HK$	Balance as at 01/07/2020	Exercised	Lapsed	Reclassification	Balance as at 30/06/2021
Directors										
Mr. Kuang Qiao	13/07/2016	13/07/2016	to	12/07/2026	0.187	2,000,000	–	–	–	2,000,000
		13/07/2017	to	12/07/2026	0.187	2,000,000	–	–	–	2,000,000
		13/07/2018	to	12/07/2026	0.187	2,000,000	–	–	–	2,000,000
		13/07/2019	to	12/07/2026	0.187	2,000,000	–	–	–	2,000,000
		13/07/2020	to	12/07/2026	0.187	2,000,000	–	–	–	2,000,000
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to	12/07/2026	0.187	1,200,000	–	–	–	1,200,000
		13/07/2017	to	12/07/2026	0.187	1,200,000	–	–	–	1,200,000
		13/07/2018	to	12/07/2026	0.187	1,200,000	–	–	–	1,200,000
		13/07/2019	to	12/07/2026	0.187	1,200,000	–	–	–	1,200,000
		13/07/2020	to	12/07/2026	0.187	1,200,000	–	–	–	1,200,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to	12/07/2026	0.187	600,000	–	–	–	600,000
		13/07/2017	to	12/07/2026	0.187	600,000	–	–	–	600,000
		13/07/2018	to	12/07/2026	0.187	600,000	–	–	–	600,000
		13/07/2019	to	12/07/2026	0.187	600,000	–	–	–	600,000
		13/07/2020	to	12/07/2026	0.187	600,000	–	–	–	600,000
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

Category of participants	Grant date	Exercisable period Starting		Ending	Exercise price HK$	Number of share options: Balance as at 01/07/2020	During the financial period under review: Exercised	Lapsed	Reclassification	Balance as at 30/06/2021
Employees										
in aggregate	13/07/2016	13/07/2016	to	12/07/2026	0.187	35,616,000	–	(100,000)	(600,000)	34,916,000
		13/07/2017	to	12/07/2026	0.187	35,616,000	–	(100,000)	(600,000)	34,916,000
		13/07/2018	to	12/07/2026	0.187	35,616,000	–	(100,000)	(600,000)	34,916,000
		13/07/2019	to	12/07/2026	0.187	35,616,000	–	(100,000)	(600,000)	34,916,000
		13/07/2020	to	12/07/2026	0.187	35,616,000	–	(100,000)	(600,000)	34,916,000
Other Participants										
in aggregate	13/07/2016	13/07/2016	to	12/07/2026	0.187	9,600,000	–	–	600,000	10,200,000
		13/07/2017	to	12/07/2026	0.187	9,600,000	–	–	600,000	10,200,000
		13/07/2018	to	12/07/2026	0.187	9,600,000	–	–	600,000	10,200,000
		13/07/2019	to	12/07/2026	0.187	9,600,000	–	–	600,000	10,200,000
		13/07/2020	to	12/07/2026	0.187	9,600,000	–	–	600,000	10,200,000
Total						248,580,000	–	(500,000)	–	248,080,000

Notes:

1) No options have been granted or exercised or cancelled under the 2015 Share Option Scheme during the financial year under review.

2) During the financial year under review, 3,000,000 share options were re-classified from the category of employees to the category of other participants upon their resignation.

RETIREMENT BENEFITS

Particulars of the Group's retirement benefits are set out in notes 2.12(i) and 9(b) to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year under review.

MAJOR SUPPLIERS AND CUSTOMERS

During the financial year under review, the percentage of the total purchases and sales attributable to the Group's major suppliers and customers were as follows:

	Percentage of total purchases
The largest supplier	17.5%
Five largest suppliers in aggregate	73.8%

	Percentage of total sales
The largest customer	19.2%
Five largest customers in aggregate	58.9%

None of the directors of the Company or their associates or any shareholder (who to the knowledge of the directors own more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers of the Group.

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 9 to 20 of this annual report.

AUDITORS

The financial statements for the financial year ended 30 June 2021 have been audited by Elite Partners CPA Limited who will retire and, being eligible, offer themselves for re-appointment at the 2021 AGM.

On behalf of the Board

Kwok Ho
Chairman

Hong Kong, 24 September 2021

TO THE SHAREHOLDERS OF
CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 133, which comprise the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 30 June 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matters were addressed in our audit
Impairment assessment of land use rights and long-term prepaid rentals under right-of-use assets and investment properties The Group has land use rights and long-term prepaid rentals under right-of-use assets and investment properties of approximately RMB33,874,000, RMB27,318,000 and RMB70,827,000 as at 30 June 2021 respectively. For the impairment assessment, the Group appointed an independent external valuer to assess the recoverable amount of land use rights and long-term prepaid rentals under right-of-use assets and investment properties. We had identified the impairment assessment of land use rights and long-term prepaid rentals under right-of-use assets and investment properties as key audit matter due to the significant judgement involved by the management in impairment assessment.	Our major audit procedures relating to impairment assessment of land use rights and long-term prepaid rentals under right-of-use assets and investment properties included the following: • We assessed the methodology used and the appropriateness of the key assumptions adopted; • We discussed with management whether any impairment indicator exists and basis for the impairment recognised; • We challenged the reasonableness of key assumptions based on our knowledge of the business and industry; • We checked the accounting and relevance of the input data used; and • We evaluated the competency of the independent external valuer taking account its experience and qualifications.
Assessment of expected credit losses ("ECL") on trade and other receivables, deposits and prepayments The Group had trade and other receivables, deposits and prepayments amounting to of approximately RMB15,269,000, and RMB4,588,000 as at 30 June 2021 respectively. Management judgment is required in assessing and determining the recoverability of trade and other receivables, deposits and prepayments and adequacy of allowance made using the ECL model under HKFRS 9 "Financial Instruments". We had identified impairment assessment of trade and other receivables, deposits and prepayments as a key audit matter because the assessment of the recoverability of trade and other receivables, deposits and prepayments and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our major audit procedures relating to the assessment of ECL on trade and other receivables, deposits and prepayments included the following: • We tested the design and implementation of the relevant key controls over the assessment and monitoring of credit risks, and determination of allowance for ECL; • We discussed with management and evaluated the ECL model used in determining the allowance for ECL. We challenged and evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including historical experience and forward looking information such as credit ratings, trade receivables ageing analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses; • We tested subsequent settlement of trade and other receivables, deposits and prepayments balances on a sample basis; • We assessed whether the time value of money was considered in the ECL model and checked the mathematical accuracy of the calculations; and • We assessed the adequacy of the Group's disclosures in relation to trade and other receivables, deposits and prepayments included in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

Hong Kong, 24 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	**2021** **RMB'000**	2020 RMB'000 (Reclassified)
Revenue	5	**73,649**	72,315
Cost of sales		**(53,694)**	(52,056)
Gross profit		**19,955**	20,259
Other income	6	**16,895**	27,484
Selling and distribution expenses		**(6,679)**	(8,344)
General and administrative expenses		**(51,673)**	(50,610)
Other operating expenses	8	**(3,866)**	(2,312)
Loss from operations		**(25,368)**	(13,523)
Finance costs	9(a)	**(391)**	(622)
Share of results of associates		**–**	(1)
Loss on deregistration of an associate		**–**	(285)
Loss before income tax	9	**(25,759)**	(14,431)
Income tax expense	10	**–**	–
Loss for the year		**(25,759)**	(14,431)
Other comprehensive (expense)/income, including reclassified adjustments and net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(3,914)**	2,364
Other comprehensive (expense)/income for the year, including reclassified adjustments and net of income tax		**(3,914)**	2,364
Total comprehensive expense for the year		**(29,673)**	(12,067)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	**2021** **RMB'000**	2020 RMB'000 (Reclassified)
Loss for the year attributable to:			
Owners of the Company		**(26,403)**	(13,910)
Non-controlling interests		**644**	(521)
		(25,759)	(14,431)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(31,533)**	(10,984)
Non-controlling interests		**1,860**	(1,083)
		(29,673)	(12,067)
Loss per share for loss attributable to the owners of the Company during the year			
– Basic	12(a)	**RMB(0.008)**	RMB(0.004)
– Diluted	12(b)	**RMB(0.008)**	RMB(0.004)

Consolidated Statement of Financial Position

At as 30 June 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**33,874**	37,944
Right-of-use assets	16	**31,070**	38,359
Investment properties	17	**70,827**	75,493
		135,771	151,796
Current assets			
Trade receivables	18	**15,269**	13,684
Other receivables, deposits and prepayments	19	**4,588**	6,970
Bank balances and cash	20	**106,863**	125,150
		126,720	145,804
Current liabilities			
Trade payables	21	**2,507**	2,361
Lease liabilities	22	**3,795**	3,329
Other payables and accruals	23	**27,855**	30,237
		34,157	35,927
Net current assets		**92,563**	109,877
Total assets less current liabilities		**228,334**	261,673
Non-current liabilities			
Lease liabilities	22	**106**	3,824
Net assets		**228,228**	257,849

	Notes	2021 RMB'000	2020 RMB'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital	25	**333,149**	333,149
Reserves	27	**(107,457)**	(75,976)
Capital and reserves		**225,692**	257,173
Non-controlling interests		**2,536**	676
Total equity		**228,228**	257,849

The consolidated financial statements on pages 76 to 133 were approved and authorised for issue by the Board of Directors on 24 September 2021 and are signed on its behalf by:

Kwok Ho
Director

Ip Chi Ming
Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	2021 RMB'000	2020 RMB'000
Cash flows from operating activities		
Loss before income tax	**(25,759)**	(14,431)
Adjustments for:		
Finance costs	**391**	622
Share of results of associates	**–**	1
Loss on deregistration of an associate	**–**	285
Interest income	**(979)**	(2,255)
Depreciation of property, plant and equipment	**4,376**	4,572
Depreciation of investment properties	**4,666**	4,501
Depreciation of right-of-use assets	**7,218**	8,392
Reversal of impairment of property, plant and equipment	**–**	(4,202)
Reversal of impairment of right-of-use assets	**–**	(5,798)
Allowance of ECL of trade receivables	**–**	1,116
Written off of other receivables	**3,245**	1,176
Gain on disposals/written off of property, plant and equipment	**(447)**	–
Employee share option benefits	**52**	1,331
Operating loss before working capital changes	**(7,237)**	(4,690)
Increase in trade receivables, other receivables, deposits and prepayments	**(3,833)**	(1,369)
Decrease in trade payables, other payables and accruals	**(1,813)**	(4,818)
Cash used in operations	**(12,883)**	(10,877)
Interest received	**910**	2,255
Finance costs paid	**(391)**	(622)
Net cash used in operating activities	**(12,364)**	(9,244)

	2021 RMB'000	2020 RMB'000
Cash flows from investing activities		
Purchases of property, plant and equipment	**(420)**	(2,112)
Proceeds from disposals of property, plant and equipment	**495**	–
Proceeds from deregistration of an associate	**–**	5,164
Net cash generated from investing activities	**75**	3,052
Cash flows from financing activity		
Repayment of lease liabilities	**(3,167)**	(3,096)
Net cash used in financing activity	**(3,167)**	(3,096)
Net decrease in cash and cash equivalents	**(15,456)**	(9,288)
Cash and cash equivalents at the beginning of the year	**108,150**	115,681
Effect of foreign exchange rate changes, net	**(2,831)**	1,757
Cash and cash equivalents at the end of the year, represented by bank balances and cash (Note 20)	**89,863**	108,150

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	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 reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 2019	333,149	5,969,570	94,894	169,501	5,247	(224,325)	681,370	(6,762,580)	266,826	1,759	268,585
Employee share option benefits	–	–	–	1,331	–	–	–	–	1,331	–	1,331
Transactions with owners	–	–	–	1,331	–	–	–	–	1,331	–	1,331
Loss for the year	–	–	–	–	–	–	–	(13,910)	(13,910)	(521)	(14,431)
Other comprehensive income											
– Foreign operations translation differences	–	–	–	–	–	2,926	–	–	2,926	(562)	2,364
Total comprehensive expense for the year	–	–	–	–	–	2,926	–	(13,910)	(10,984)	(1,083)	(12,067)
Lapse of share options	–	–	–	(149)	–	–	–	149	–	–	–
As at 30 June 2020	**333,149**	**5,969,570**	**94,894**	**170,683**	**5,247**	**(221,399)**	**681,370**	**(6,776,341)**	**257,173**	**676**	**257,849**
Employee share option benefits	**–**	**–**	**–**	**52**	**–**	**–**	**–**	**–**	**52**	**–**	**52**
Transactions with owners	**–**	**–**	**–**	**52**	**–**	**–**	**–**	**–**	**52**	**–**	**52**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(26,403)**	**(26,403)**	**644**	**(25,759)**
Other comprehensive income											
– Foreign operations translation differences	**–**	**–**	**–**	**–**	**–**	**(5,130)**	**–**	**–**	**(5,130)**	**1,216**	**(3,914)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(5,130)**	**–**	**(26,403)**	**(31,533)**	**1,860**	**(29,673)**
Lapse of share options	**–**	**–**	**–**	**(147,140)**	**–**	**–**	**–**	**147,140**	**–**	**–**	**–**
Transfers upon de-registration of a subsidiary	**–**	**–**	**(12,171)**	**–**	**–**	**–**	**(10,095)**	**22,266**	**–**	**–**	**–**
As at 30 June 2021	**333,149**	**5,969,570**	**82,723**	**23,595**	**5,247**	**(226,529)**	**671,275**	**(6,633,338)**	**225,692**	**2,536**	**228,228**

1. GENERAL

Chaoda Modern Agriculture (Holdings) Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 December 2000. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding. The principal activities of particulars of the subsidiaries are set out in Note 31. The Company and its subsidiaries are referred to as the "Group" hereafter. There were no significant changes in the Group's operations during the year.

The consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amendments to HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared under historical cost convention at the end of each reporting period, as explained in the accounting policies below.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

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

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

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

2.3 Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Subsidiaries and non-controlling interests *(continued)*

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

2.4 Property, plant and equipment

Property, plant and equipment including buildings and leasehold land that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Property, plant and equipment *(continued)*

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

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

Leasehold improvements	2 to 10 years or over the lease term whichever is the shorter
Buildings	33 to 50 years or over the lease term whichever is the shorter
Furniture, fixtures and equipment	5 to 20 years
Motor vehicles	5 years
Farmland infrastructure	5 to 20 years
Computer equipment	5 years

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

2.5 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2.6) to earn rental income and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is not classified and accounted for as an investment property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Leases

Definition of a lease

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

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

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

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

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustment resulting from Covid-19 related rent concessions in which the Group applied the practical expedient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Leases *(continued)*

As a lessee *(continued)*

Right-of-use assets (continued)

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Leases *(continued)*

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived

As a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Impairment of tangible assets

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Provisions and contingent liabilities

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.9 Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Foreign currencies

Items included in the financial statements of each of the Group's entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interests in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the exchange reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Government grants

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

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

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

2.12 Employee benefits

(i) Retirement benefit obligations

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company's subsidiaries which operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 30 June 2021, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Employee benefits *(continued)*

(ii) Short-term and other long-term employee benefits

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

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

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

(iii) Share-based employee compensation

Share option granted to employees

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

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

When share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to accumulated losses.

Shares/Share options granted to non-employees

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.15 Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial instruments *(continued)*

Financial assets *(continued)*

Amortised cost and interest income

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables deposit and prepayments). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial instruments *(continued)*

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

2.16 Income tax

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Income tax *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.17 Segment reporting

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.

2.18 Related parties

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

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

(ii) has significant influence over the Group; or

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Related parties *(continued)*

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

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

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

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

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

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

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

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

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has adopted the following new and amendments to HKFRSs for the first time for the current year's consolidated financial statements.

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

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

New amendments to standards that have been issued but not yet effective

The Group has not applied the following new and amendments to HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1	Classification of liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9, HKAS 41 and Illustrative Examples accompanying HKFRS 16[2]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after 1 April 2021.
5 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will not have a material impact on the consolidated financial statements in the foreseeable future.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of other non-financial assets

The Group assesses whether there are any indicators of impairment for all other non-financial assets, including property, plant and equipment, investment properties and land use rights and long-term prepaid rentals under right-of-use assets, at the end of each reporting period.

The impairment loss for other non-financial assets are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of other non-financial assets have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates such as the future revenue and discount rates. As at 30 June 2021, the carrying amount of the property, plant and equipment, investment properties and right-of-use assets was approximately RMB33,874,000, RMB70,827,000 and RMB27,318,000 respectively (2020: RMB37,944,000, RMB75,493,000 and RMB31,279,000).

(ii) Provision of ECL for trade receivables

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

During the year ended 30 June 2021, no ECL in respect of trade receivables was recognised in profit or loss (2020: RMB1,116,000).

5. REVENUE

The principal activity of the Group is the sales of crops.

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

	2021 RMB'000	2020 RMB'000
Sales of crops	**73,649**	72,315

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

6. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Interest income	**979**	2,255
Rental income	**12,556**	11,701
Sundry income	**642**	2,612
Covid-19-related rent concession	**1,033**	397
Government grant *(note)*	**1,238**	519
Reversal of impairment of property, plant and equipment	**–**	4,202
Reversal of impairment of right-of-use assets	**–**	5,798
Gain on disposal of property, plant and equipment	**447**	–
	16,895	27,484

Note: During the year ended 30 June 2021, the Group has recognised government grants of approximately RMB1,238,000 (2020: RMB519,000) relates to Employment Support Scheme provided by the Hong Kong Government in respect of Covid-19-related subsidies. There were no unfulfilled conditions or contingencies relating to these government grants.

7. 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 operation. The Group's operating business is organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the PRC market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets for both years ended 30 June 2021 and 2020 were mainly derived from its sales of crops. Consequently, no operating segment analysis is presented.

7. SEGMENT INFORMATION *(continued)*

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.

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

	2021 **RMB'000**	2020 RMB'000
Hong Kong	**73,649**	72,254
Other	**–**	61
	73,649	72,315

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 corresponding years contributing over 10% of the Group's total revenue are as follows:

	2021 **RMB'000**	2020 RMB'000
Customer A	**14,107**	9,589
Customer B*	**9,794**	–
Customer C*	**7,525**	–

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

8. OTHER OPERATING EXPENSES

	2021 **RMB'000**	2020 RMB'000
Written off of other receivables	**3,245**	1,176
Allowance of ECL of trade receivables	**–**	1,116
Others	**621**	20
	3,866	2,312

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2021 RMB'000	2020 RMB'000
Bank and finance charges	**47**	45
Interest expenses on lease liabilities	**344**	577
	391	622

(b) Staff costs (including directors' remuneration – Note 13)

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	**18,867**	19,766
Discretionary bonuses	**266**	348
Employee share option benefits	**52**	1,331
Retirement benefit costs	**1,490**	1,799
	20,675	23,244

(c) Other items

	2021 RMB'000	2020 RMB'000
Auditor's remuneration	**811**	1,191
Cost of inventories sold	**50,306**	47,618
Depreciation of property, plant and equipment	**4,376**	4,572
Depreciation of investment properties	**4,666**	4,501
Depreciation of right-of-use assets	**7,218**	8,392
Expenses relating to short-term lease payment	**1,278**	1,186

10. INCOME TAX EXPENSE

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

	2021 **RMB'000**	2020 RMB'000
Current tax		
– PRC income tax *(Note (a))*	**–**	–
– Hong Kong profits tax *(Note (b))*	**–**	–
	–	–

Notes:

(a) 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 sales of crops, are entitled to full exemption of enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% (2020: 25%).

(b) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations 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%.

10. INCOME TAX EXPENSE *(continued)*

Reconciliation between the Group's income tax expense and accounting loss at applicable tax rates are as follows:

	2021 RMB'000	2020 RMB'000
Loss before income tax	**(25,759)**	(14,431)
Notional tax at the rate applicable to losses in the tax jurisdictions concerned	**(6,100)**	(2,526)
Net tax effect of expense and income that are not deductible and taxable in determining taxable profit and tax allowance	**5,096**	2,394
Tax effect of unrecognised tax losses	**1,481**	936
Tax effect of previous years' unrecognised tax losses utilised this year	**(477)**	(804)
Income tax expense	**–**	–

11. DIVIDENDS

The directors do not recommend any payment of dividend for the year ended 30 June 2021 (2020: Nil).

12. 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 RMB26,403,000 (2020: RMB13,910,000) and the weighted average number of approximately 3,295,582,000 (2020: 3,295,582,000) ordinary shares in issue during the year.

(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 RMB26,403,000 (2020: RMB13,910,000) and the weighted average number of approximately 3,295,582,000 (2020: 3,295,582,000) ordinary shares. The computation of diluted loss per share for both years does not assume the conversion of the Company's share options outstanding since their assumed exercise would result in a decrease in loss per share or the exercise price of those share options is higher than the average market price for the ordinary share.

13. DIRECTORS' REMUNERATION

Emoluments paid and payable to the Company's Directors for the year ended 30 June 2021 were as follows:

Name of Directors	Fees RMB'000	Basic salaries, and allowance RMB'000	Discretionary bonuses RMB'000	Employee share option benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors						
Kwok Ho	–	376	–	–	6	382
Kuang Qiao	–	351	13	2	2	368
Non-executive Director						
Ip Chi Ming	–	384	–	1	–	385
Independent Non-executive Directors						
Fung Chi Kin	184	–	–	1	–	185
Tam Ching Ho	205	–	–	1	–	206
Lin Shun Quan	41	–	–	–	–	41
	430	1,111	13	5	8	1,567

Emoluments paid and payable to the Company's Directors for the year ended 30 June 2020 were as follows:

Name of Directors	Fees RMB'000	Basic salaries, and allowance RMB'000	Discretionary bonuses RMB'000	Employee share option benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors						
Kwok Ho	–	739	–	–	16	755
Kuang Qiao	–	354	16	55	2	427
Yang Gang *(Note (i))*	–	144	8	22	1	175
Non-executive Director						
Ip Chi Ming	–	613	–	33	–	646
Independent Non-executive Directors						
Fung Chi Kin	258	–	–	16	–	274
Tam Ching Ho	267	–	–	16	–	283
Chan Yik Pun *(Note (ii))*	87	–	–	–	–	87
Lin Shun Quan	42	–	–	3	–	45
	654	1,850	24	145	19	2,692

Note:

(i) Mr. Yang Gang was resigned as executive director of the Company on 15 June 2020.

(ii) Mr. Chan Yik Pun was resigned as independent non-executive director of the Company on 1 March 2020.

13. DIRECTORS' REMUNERATION *(continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

None of the directors waived or has agreed to waive emoluments in respect of the years ended 30 June 2021 and 2020.

During the years ended 30 June 2021 and 2020, no emoluments were paid or payable by the Group to the Directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year include one director (2020: two directors) whose emoluments are reflected in the table presented in Note 13 above. The emoluments paid and payable to the remaining four (2020: three) highest paid individuals during the year are as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries and other emoluments	**2,635**	2,354
Discretionary bonuses	**8**	180
Retirement benefit costs	**62**	32
Employee share option benefits	**1**	170
	2,706	2,736

The emoluments of remaining four (2020: three) individuals with the highest emoluments are within the following bands:

Emoluments band	**2021** **No. of** **Individuals**	2020 No. of Individuals
HK$Nil to HK$1,000,000	**3**	–
HK$1,000,000 to HK$1,499,999	**1**	3

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and equipments RMB'000	Motor vehicles RMB'000	Farmland infrastructure RMB'000 *(Note (a))*	Computer equipment RMB'000	Total RMB'000
Cost							
As at 1 July 2019	42,503	26,530	30,951	12,846	309,821	22,000	444,651
Additions	46	–	319	1,747	–	–	2,112
Transferred to investment properties *(note 17)*	–	–	–	–	(121,039)	–	(121,039)
Disposals/Written off	(751)	–	(4,724)	–	(70)	–	(5,545)
Exchange realignment	49	–	2	150	(497)	–	(296)
As at 30 June 2020	**41,847**	**26,530**	**26,548**	**14,743**	**188,215**	**22,000**	**319,883**
Additions	**–**	**–**	**255**	**165**	**–**	**–**	**420**
Transfer to investment properties *(note 17)*	**–**	**–**	**(4,900)**	**–**	**–**	**–**	**(4,900)**
Disposals/Written off	**–**	**–**	**–**	**(1,040)**	**–**	**–**	**(1,040)**
Exchange realignment	**(410)**	**–**	**(126)**	**(590)**	**272**	**–**	**(854)**
As at 30 June 2021	**41,437**	**26,530**	**21,777**	**13,278**	**188,487**	**22,000**	**313,509**
Accumulated depreciation and impairment loss							
As at 1 July 2019	30,291	8,116	22,755	12,101	309,010	22,000	404,273
Charge for the year	2,040	570	1,147	671	144	–	4,572
Transferred to investment properties *(note 17)*	–	–	–	–	(116,837)	–	(116,837)
Reversal *(note b)*	–	–	–	–	(4,202)	–	(4,202)
Disposals/Written off	(751)	–	(4,724)	–	(70)	–	(5,545)
Exchange realignment	49	–	(7)	133	(497)	–	(322)
As at 30 June 2020	**31,629**	**8,686**	**19,171**	**12,905**	**187,548**	**22,000**	**281,939**
Charge for the year	**2,039**	**570**	**1,189**	**434**	**144**	**–**	**4,376**
Transfer to investment property *(note 17)*	**–**	**–**	**(4,900)**	**–**	**–**	**–**	**(4,900)**
Disposals/Written off	**–**	**–**	**–**	**(992)**	**–**	**–**	**(992)**
Exchange realignment	**(409)**	**–**	**(103)**	**(548)**	**272**	**–**	**(788)**
As at 30 June 2021	**33,259**	**9,256**	**15,357**	**11,799**	**187,964**	**22,000**	**279,635**
Net book value							
As at 30 June 2021	**8,178**	**17,274**	**6,420**	**1,479**	**523**	**–**	**33,874**
As at 30 June 2020	10,218	17,844	7,377	1,838	667	–	37,944

Notes:

(a) Farmland infrastructure includes films, green house facilities, ditches, roads and others.

(b) During the year ended 30 June 2020, the wholly owned subsidiary of the Company has entered into rental agreements with independent third parties to lease out certain of property, plant and equipment and right-of-use assets, which has been fully impaired by the directors in the previous year. The directors concluded there was indication for reversal of impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment and right-of-used assets with carrying amounts of RMB4,202,000 and RMB5,798,000 respectively. The recoverable amount of owned properties and related leasehold lands are estimated individually. The Group estimates the recoverable amount of the certain of property, plant and equipment and right-of-use assets to which the asset belongs when it is not possible to estimate the recoverable amount individually.

The recoverable amount of certain of property, plant and equipment and right-of-use assets has been determined based on a fair value less cost of disposal calculation. That calculation uses cash flow projections based on financial budgets approved by the directors with discount rate are ranging from 8.3% to 10.3% under the lease term on the commencement date of each rental agreements.

16. RIGHT-OF-USE ASSETS

	Leasehold building RMB'000	Land use rights RMB'000	Long-term prepaid rentals RMB'000	Total RMB'000
Cost:				
As at 1 July 2019	8,638	125,635	397,680	531,953
Addition	1,528	–	–	1,528
Exchange realignment	338	–	(720)	(382)
As at 30 June 2020	**10,504**	**125,635**	**396,960**	**533,099**
Addition	**468**	**–**	**–**	**468**
Termination of lease	**(15)**	**–**	**–**	**(15)**
Exchange realignment	**(921)**	**–**	**(3,690)**	**(4,611)**
As at 30 June 2021	**10,036**	**125,635**	**393,270**	**528,941**
Accumulated depreciation:				
As at 1 July 2019	–	95,150	397,680	492,830
Charge for the year	3,388	4,291	713	8,392
Reversal	–	(1,521)	(4,277)	(5,798)
Exchange realignment	36	–	(720)	(684)
As at 30 June 2020	**3,424**	**97,920**	**393,396**	**494,740**
Charge for the year	**3,257**	**3,106**	**855**	**7,218**
Termination of lease	**(15)**	**–**	**–**	**(15)**
Exchange realignment	**(382)**	**–**	**(3,690)**	**(4,072)**
As at 30 June 2021	**6,284**	**101,026**	**390,561**	**497,871**
Net carrying amount:				
As at 30 June 2021	**3,752**	**24,609**	**2,709**	**31,070**
As at 30 June 2020	7,080	27,715	3,564	38,359

16. RIGHT-OF-USE ASSETS *(continued)*

	2021 **RMB'000**	2020 RMB'000
Expenses relating to short-term leases and other leases with leases terms and with in 12 months of the date of initial application of HKFRS 16	**1,278**	1,186

For both years, the Group leases various office for its operations. Lease contracts are entered into for fixed term of 1 year to 4 years (2020: 1 year to 4 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 30 June 2021, lessors of various offices provided rent concessions to the Group through rent reductions ranging from 50% to 69% over 12 months.

The rent concession occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient under HKFRS 16.46A.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of RMB1,033,000 were recognised as negative variable lease payments.

During the year ended 30 June 2021, the directors concluded there was indication for impairment and conducted impairment assessment on recoverable amount of certain right-of-use assets with carrying amounts of approximately RMB31,070,000.

The recoverable amount of certain right-of-use assets has been determined based on fair value less cost of disposal calculation. That calculation uses market comparison approach by reference to recent sales price of comparable right-of-use assets on a price per square feet basis using market data which is publicly available. No impairment loss was recognised into the profit or loss during the year ended 30 June 2021.

For the year ended 30 June 2020, a reversal of impairment of approximately RMB5,798,000 on right-of-use assets has been recognised as a result of an impairment assessment made by the directors as detailed in Note 15.

17. INVESTMENT PROPERTIES

	2021 RMB'000	2020 RMB'000
Cost		
As at 1 July	**246,378**	125,339
Transferred from property, plant and equipment *(Note 15)*	**4,900**	121,039
As at 30 June	**251,278**	246,378
Accumulated depreciation		
As at 1 July	**170,885**	49,547
Transferred from property, plant and equipment *(Note 15)*	**4,900**	116,837
Depreciation for the year	**4,666**	4,501
As at 30 June	**180,451**	170,885
Net book value		
As at 30 June	**70,827**	75,493

The Group leases out various offices, warehouses and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 15 years (2020: 1 to 15 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

As at 30 June 2021 and 2020, all investment properties of the Group are located in the PRC. The fair value of investment properties (excluding the fair value of property interest held under an operating lease) as at 30 June 2021 is approximately RMB124,360,000 (2020: RMB130,300,000). The fair value of investment properties disclosed at the end of the reporting period is measured on a recurring basis and categorised as level 2 fair value measurement. The fair value of investment properties is determined by the directors at the end of each reporting period using market comparison approach by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available.

18. TRADE RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables	**15,269**	14,813
Less: Allowance for credit losses *(Note (b))*	**–**	(1,129)
	15,269	13,684

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

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management. As the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk.

(a) Ageing analysis

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

	2021 RMB'000	2020 RMB'000
0–1 month	**6,737**	6,623
1–3 months	**5,772**	5,618
Over 3 months	**2,760**	1,443
	15,269	13,684

(b) Impairment of trade receivables

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately RMB7,058,000 (2020: RMB4,112,000), which are past due at the end of the reporting period for which the Group has not provided for ECL because there has not been a significant change in credit quality and taking into account of forward looking information and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 34.

19. OTHER RECEIVABLE, DEPOSIT AND PREPAYMENTS

	2021 RMB'000	2020 RMB'000
Other receivables	**2,892**	4,778
Deposits	**1,640**	2,073
Prepayments	**56**	119
	4,588	6,970

20. BANK BALANCES AND CASH

	2021 RMB'000	2020 RMB'000
Cash at banks and on hand	**88,833**	99,470
Short-term bank deposits	**1,030**	8,680
Restricted bank balance *(note 23)*	**17,000**	17,000
	106,863	125,150
Denominated in:		
RMB	**76,025**	85,515
HK$	**23,960**	30,095
Others	**6,878**	9,540
	106,863	125,150

The conversion of RMB denominated balances kept in the PRC into foreign currencies and the transfer of these balances out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at banks earn interest at floating rates based on the daily bank deposit rates. Short-term bank deposits are placed with the banks and earn interests at the respective short-term bank deposit rates. Short-term bank deposits as at 30 June 2021 and 2020 with original maturity within three months.

20. BANK BALANCES AND CASH *(continued)*

For the purpose of consolidated statement of cash flows, cash and cash equivalents include the following:

	2021 RMB'000	2020 RMB'000
Bank balances and cash shows in the consolidated statement of financial position	**106,863**	125,150
Less: Restricted bank balance *(Note)*	**(17,000)**	(17,000)
Cash and cash equivalents shows in the consolidated statement of cash flows	**89,863**	108,150

Note: The restricted bank balance represented the provision for claim which discloses in note 23.

21. TRADE PAYABLES

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

	2021 RMB'000	2020 RMB'000
0–1 month	**2,447**	2,295
1–3 months	**–**	–
Over 3 months	**60**	66
	2,507	2,361

The average credit period on purchases of goods is 30-60 days.

22. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable		
– Within one year	**3,795**	3,329
– More than one year but not more than two years	**106**	3,562
– More than two years but not more than five years	**–**	262
Present value of lease liabilities	**3,901**	7,153
Less: Amounts due for settlement within one year shown under current liabilities	**3,795**	3,329
Amounts due for settlement after one year under non-current liabilities	**106**	3,824

23. OTHER PAYABLES AND ACCRUALS

	2021 RMB'000	2020 RMB'000
Other payables	**6,329**	7,554
Rental payable	**1,390**	2,389
Provision for claim *(Note)*	**17,000**	17,000
Accruals	**3,136**	3,294
	27,855	30,237

Note: Provision for claim represents claim of approximately RMB17,000,000 from the local tax authority of PRC ("LTA") on the value-added tax ("VAT") in respect of certain purchases made by an indirect wholly owned subsidiary of the Group, due to financial and operational issues did not pay off the above-mentioned VAT to LTA. Bank balance of approximately RMB17,000,000 was restricted by LTA in respected to these claim. In fact, the Group has already settled all payables in respect of these purchases (including the related VAT) to the supplier in concern. Having considered that the Group should not be liable to the claims, the management has initiated discussions with the LTA with an aim at clarifying the Group's position and requesting for LTA's withdrawal of claims. In the opinion of the Directors, the Group has no legal liability on the claimant. The Group intends to contest the claim, and while the final outcome of the discussions is uncertain, the management made a provision for prudence.

24. DEFERRED TAX

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 withholding tax.

At 30 June 2021, no deferred tax liabilities (2020: nil) 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 (2020: nil). 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.

Deferred tax assets

At the end of the reporting period, the Group had unrecognised deferred tax assets as follows:

	2021 RMB'000	2020 RMB'000
Tax losses available to set off future assessable profits *(Note)*	**63,826**	68,020
Accelerated tax depreciation	**42**	108
	63,868	68,128

Note:

Deferred tax assets have not been recognised in respect of the tax losses as it is not probable that they can be utilised in the foreseeable future. Included in unrecognised tax losses, losses of RMB39,893,000 (2020: RMB44,702,000) will expire in 5 years, while the remaining may be carried forward indefinitely.

25. SHARE CAPITAL

Authorised ordinary shares of HK$0.1 each

	Number of shares ('000)	HK$'000	RMB'000
As at 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021	5,000,000	500,000	527,515

Issued and fully paid ordinary shares of HK$0.1 each

	Number of shares ('000)	HK$'000	RMB'000
As at 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021	3,295,582	329,558	333,149

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

26. SHARE OPTION SCHEME

(a) Old Share Option Scheme

2002 share option scheme (the "Old Scheme") was adopted pursuant to a resolution passed at the extraordinary general meeting of the Company held on 19 June 2002 for the primary purpose of providing incentives or rewards to selected participants, and expired on 18 June 2012. Under the Old Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Old Scheme must not exceed 10% of the shares of the Company in issue as at the adoption date ("Scheme Mandate"). Pursuant to a resolution passed at the extraordinary general meeting of the Company held on 14 February 2006, a refreshment of the Scheme Mandate was approved. The total number of shares to be allotted and issued pursuant to the grant or exercise of the options under the Old Scheme shall not exceed 10% of the total number of shares in issue as at 14 February 2006. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

The option price is determined by the directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

26. SHARE OPTION SCHEME *(continued)*

(a) Old Share Option Scheme *(continued)*

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

	2021		2020	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at 1 July	**61,300,000**	**6.430**	61,300,000	6.430
Lapsed during the year	**(61,300,000)**	**6.430**	–	–
Outstanding at 30 June	**–**	**N/A**	61,300,000	6.430
Exercisable at 30 June	**–**	**N/A**	61,300,000	6.430

At the end of the reporting period, the exercisable periods of share options under the Old Scheme of the Company are as follows:

	2021		2020	
Exercisable period:	**Number**	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
26-11-2010 to 25-11-2020	**–**	**N/A**	61,225,000	6.430
26-11-2011 to 25-11-2020	**–**	**N/A**	25,000	6.430
26-11-2012 to 25-11-2020	**–**	**N/A**	25,000	6.430
26-11-2013 to 25-11-2020	**–**	**N/A**	25,000	6.430
	–	**N/A**	61,300,000	6.430

26. SHARE OPTION SCHEME *(continued)*

(a) Old Share Option Scheme *(continued)*

During the year ended 30 June 2021, the Old Scheme was expired and the remaining share options for Old Scheme were fully lapsed and RMB147,092,000 was transferred to accumulated losses.

The Company's share options outstanding under the Old Scheme at 30 June 2020 had a weighted average remaining contractual life of 0.41 year.

(b) New Share Option Scheme

2015 share option scheme (the "New Scheme") was adopted pursuant to a resolution passed at the extraordinary general meeting of the Company held on 17 December 2015 for the primary purpose of providing incentives or rewards to eligible participants. There is no fundamental difference in terms of the rules between, or the rationale behind the adoption of, the Old Scheme and the New Scheme. Both of them were or are designed primarily to generate greater drive and effectiveness to contribute to the Group and create a sense of belongings or more favourable relations towards the Group.

	2021		2020	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at 1 July	**248,580,000**	**0.187**	250,580,000	0.187
Lapsed during the year	**(500,000)**	**0.187**	(2,000,000)	0.187
Outstanding at 30 June	**248,080,000**	**0.187**	248,580,000	0.187
Exercisable at 30 June	**248,080,000**	**0.187**	200,464,000	0.187

During the year ended 30 June 2021, 500,000 of share option lapsed represent the resignation of a employee, RMB48,000 related to New Scheme was transferred to accumulated losses.

26. SHARE OPTION SCHEME *(continued)*

(b) New Share Option Scheme *(continued)*

At the end of the reporting period, the exercisable periods of share options under the New Scheme of the Company are as follows:

	2021		2020	
Exercisable period:	**Number**	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
13-07-2016 to 12-07-2026	**49,616,000**	**0.187**	49,716,000	0.187
13-07-2017 to 12-07-2026	**49,616,000**	**0.187**	49,716,000	0.187
13-07-2018 to 12-07-2026	**49,616,000**	**0.187**	49,716,000	0.187
13-07-2019 to 12-07-2026	**49,616,000**	**0.187**	49,716,000	0.187
13-07-2020 to 12-07-2026	**49,616,000**	**0.187**	49,716,000	0.187
	248,080,000	**0.187**	248,580,000	0.187

The Company's share options outstanding under the New Scheme at 30 June 2021 had a weighted average remaining contractual life of 5.04 years (2020: 6.04 years).

The fair value of share options is determined at the date of grant under Binomial Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

Date of grant	**Option value**	**Exercise price**	**Risk-free interest rate**	**Expected volatility**	**Dividend yield**	**Life of options**
13 July 2016	HK$0.11 – HK$0.12	HK$0.187	0.98%	59%	–	10 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The Group recognised the total expense of RMB52,000 (2020: RMB1,331,000) in relation to share options granted by the Company.

27. RESERVES

	Notes	**2021 RMB'000**	2020 RMB'000
Share premium		**5,969,570**	5,969,570
Capital reserve	(a)	**82,723**	94,894
Employee share-based compensation reserve		**23,595**	170,683
Capital redemption reserve		**5,247**	5,247
Exchange reserve		**(226,529)**	(221,399)
Statutory reserve	(b)	**671,275**	681,370
Accumulated losses		**(6,633,338)**	(6,776,341)
		(107,457)	(75,976)

Movements of the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on page 82.

27. RESERVES *(continued)*

Notes:

(a) Capital reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in December 2000 over the nominal value of the share capital of the Company issued in exchange thereafter.

(b) In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to apportionate not less than 10% of their profits after tax to the respective statutory reserve, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserve may be used to offset against their respective accumulated losses, if any.

28. COMMITMENTS

(a) Capital commitments

At the end of the reporting period, the Group had no capital commitments (2020: nil).

(b) Operating lease commitments and arrangements

As lessor

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

	2021 **RMB'000**	2020 RMB'000
Within one year	**8,796**	7,126
In the second to fifth years, inclusive	**24,037**	16,452
After five years	**14,514**	12,909
Total	**47,347**	36,487

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

The Directors are of the opinion that the key management personnel are the executive directors of the Company, details of whose emoluments are set out in Note 13 and certain highest paid employees whose remunerations are set out in Note 14.

30. COMPARATIVE FIGURES

Certain expenses were reclassified from administrative expenses to cost of sales to concur with current year presentation.

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at 30 June 2021 are as follows:

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/registered and paid up capital	Interests held
Held directly by the Company:				
Timor Enterprise Limited	British Virgin Islands	Investment holding in Hong Kong	60,000 ordinary shares of US$1 each	100%
Insight Decision Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Worthy Year Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Great Challenge Developments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Good Add Holdings Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Lead Rich Enterprises Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Chaoda Vegetable & Fruits Trading Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Held indirectly by the Company:				
Fujian Chaoda Modern Agriculture Group Company Limited**	PRC	Growing and sales of crops, breeding and sales of livestock in the PRC	HK$1,300,000,000	100%
福建超大畜牧業有限公司***	PRC	Provision of agency service in the PRC	RMB80,000,000	100%

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation	Principal activity and place of operation	Particulars of issued/registered and paid up capital	Interests held
Held indirectly by the Company: *(continued)*				
Chaoda Vegetable & Fruits Limited	Hong Kong	Distribution and trading of crops in Hong Kong	100,000 ordinary shares	100%
Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited	Hong Kong	Wholesale and logistics of vegetables and fruits in Hong Kong	2,500,000 ordinary shares	60%
Desire Star (Fujian) Development Company Limited*	PRC	Property holding in the PRC	US$9,860,000	100%
Inner Mongolia Chaoda Stockbreeding Co., Ltd*	PRC	Property holding in the PRC	RMB100,000,000	100%
福州傑志環球生物科技有限公司**	PRC	Research and development of organism technologies in the PRC	HK$71,800,000	70%
Keen Spirit Global Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US$1 each	70%
VaxGene Corporation	British Virgin Islands	Research and development of organism technologies in Hong Kong	50,000 ordinary shares of US$1 each	70%

The directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company is of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or financial position of the Group.

* Sino-foreign owned equity joint ventures
** Wholly foreign owned enterprises
*** Private limited liability companies

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt balance which includes lease liabilities (note 22) and equity balance, which includes equity attributable to owners of the Company, comprising issued share capital and reserves.

33. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities recognised at the end of the reporting period may also be categorised as follows. See Note 2.15 for explanations on how the category of financial instruments affects their subsequent measurement.

Financial assets

	2021 RMB'000	2020 RMB'000
Financial assets measured at amortised cost		
– Trade receivables	**15,269**	13,684
– Other receivables and deposits	**4,488**	6,787
– Bank balances and cash	**106,863**	125,150
	126,620	145,621

Financial liabilities

	2021 RMB'000	2020 RMB'000
Financial liabilities measured at amortised cost:		
– Trade payables	**2,507**	2,361
– Other payables and accruals	**27,855**	30,237
– Lease liabilities	**3,901**	7,153
	34,263	39,751

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

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

(i) Currency risk

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

(ii) Credit risk

Credit risk and impairment assessment

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

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(ii) Credit risk (continued)

Trade receivables

As at 30 June 2021, the Group has concentration of credit risk as 46% (2020: 23%) and 80% (2020: 59%) of the total trade receivable was due from the Group's largest debtor and the top five largest debtors respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

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

Other receivables and deposits

For other receivables and deposits, the directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors perform impairment assessment under ECL model on other receivables and deposits. Written off of approximately RMB3,245,000 was recognised during the year (2020: RMB1,176,000).

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

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

The table below details the credit risk exposures of the Group's trade and other receivables, which are subject to ECL assessment:

2021	**External Credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**2021 Gross carrying amount RMB'000**	2020 Gross carrying amount RMB'000
Financial assets at amortised cost					
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**9,399**	12,241
	N/A	Doubtful	Lifetime ECL (not credit-impaired)	**5,870**	1,443
	N/A	Loss	Lifetime ECL (credit-impaired)	**–**	1,129
	N/A	Write-off	Amount is written off	**939**	–
Other receivables and deposit	N/A	Doubtful	Lifetime ECL (not credit-impaired)	**4,488**	6,787
	N/A	Write-off	Amount is written off	**3,245**	1,176
Bank balances	Aa1-Baa1	N/A	12m ECL	**106,863**	125,150

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

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

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

	Lifetime ECL (non-credit-impaired) RMB'000	**Lifetime ECL (credit-impaired) RMB'000**
Trade receivables		
As at 1 July 2019	–	–
Changes due to financial instruments recognised as at 1 July 2019:		
– Transfer to lifetime ECL	1,116	–
Exchange adjustments	13	–
As at 30 June 2020	**1,129**	**–**
Changes due to financial instruments recognised as at 1 July 2020:		
– Transfer to credit impaired	(939)	939
Written off during the year	–	(939)
Exchange adjustment	(190)	–
As at 30 June 2021	**–**	**–**

The Group does not hold any collateral over these balances.

Bank balances and cash

The credit risk on bank balance and cash is limited because the major counterparties are reputable banks operating in Hong Kong and in the PRC. Other than the concentration of cash and cash equivalents which are deposited with several reputable banks in Hong Kong and in the PRC, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iii) Liquidity risk

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

The remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the Group can be required to pay, are within one year or on demand (2020: within one year or on demand).

(iv) Interest rate risk

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

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

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITY

	Lease liabilities (Note 21) RMB'000
As at 1 July 2019	8,443
Repayment	(3,096)
Interest paid	(577)
New lease entered	1,508
Interest expense	577
Exchange realignment	298
As at 30 June 2020 and 1 July 2020	**7,153**
Repayment	**(3,167)**
Interest paid	**(344)**
New lease entered	**462**
Interest paid	**344**
Exchange realignment	**(547)**
As at 30 June 2021	**3,901**

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**42**	71
Right-of-use assets	**469**	1,029
Interests in subsidiaries	**182,121**	198,595
	182,632	199,695
Current assets		
Other receivables, deposits and prepayments	**185**	262
Bank balance and cash	**1,356**	8,022
	1,541	8,284
Current liabilities		
Amounts due to subsidiaries	**1,103**	1,521
Other payables and accruals	**2,397**	2,356
Lease liabilities	**487**	508
	3,987	4,385
Net current (liabilities)/assets	**(2,446)**	3,899
Total assets less current liabilities	**180,186**	203,594
Non-current liabilities		
Lease liabilities	**–**	534
Net assets	**180,186**	203,060
EQUITY		
Share capital	**333,149**	333,149
Reserves	**(152,963)**	(130,089)
Total equity	**180,186**	203,060

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 24 September 2021 and are signed on its behalf by:

Kwok Ho
Director

Ip Chi Ming
Director

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

Movement in the Company's reserves

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 July 2019	6,170,235	169,502	5,247	(956,961)	(5,517,532)	(129,509)
Employee share option benefits	–	1,331	–	–	–	1,331
Transactions with owners	–	1,331	–	–	–	1,331
Loss for the year	–	–	–	–	(9,418)	(9,418)
Other comprehensive expense						
– Currency translation differences	–	–	–	7,507	–	7,507
Total comprehensive expense for the year	–	–	–	7,507	(9,418)	(1,911)
Lapsed of share options	–	(150)	–	–	150	–
At 30 June 2020 and 1 July 2020	**6,170,235**	**170,683**	**5,247**	**(949,454)**	**(5,526,800)**	**(130,089)**
Employee share option benefits	**–**	**52**	**–**	**–**	**–**	**52**
Transactions with owners	**–**	**52**	**–**	**–**	**–**	**52**
Loss for the year	**–**	**–**	**–**	**–**	**(7,147)**	**(7,147)**
Other comprehensive expense						
– Currency translation differences	**–**	**–**	**–**	**(15,779)**	**–**	**(15,779)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(15,779)**	**(7,147)**	**(22,926)**
Lapsed of share options	**–**	**(147,140)**	**–**	**–**	**147,140**	**–**
At 30 June 2021	**6,170,235**	**23,595**	**5,247**	**(965,233)**	**(5,386,807)**	**(152,963)**

Five Year Financial Summary

For the year ended 30 June 2021

A summary of the consolidated results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 30 June				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	826,317	213,389	82,333	72,315	**73,649**
Loss before income tax	(3,243,912)	(741,493)	(52,741)	(14,431)	**(25,759)**
Income tax expense	(1,156)	20,480	(147)	–	**–**
Loss for the year	(3,245,068)	(721,013)	(52,888)	(14,431)	**(25,759)**
Loss for the year, attributable to:					
Owners of the Company	(3,246,234)	(719,036)	(54,151)	(13,910)	**(26,403)**
Non-controlling interests	1,166	(1,977)	1,263	(521)	**644**
	(3,245,068)	(721,013)	(52,888)	(14,431)	**(25,759)**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 30 June				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Total assets	1,282,863	358,669	306,000	297,600	**262,491**
Total liabilities	(248,785)	(40,977)	(37,415)	(39,751)	**(34,263)**
Non-controlling interests	(2,616)	(1,131)	(1,759)	(676)	**(2,536)**
Total equity attributable to the owners of the Company	1,031,462	316,561	266,826	257,173	**225,692**